Investing for the Next Five Years (Page 8)

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

Largest Circulation of All Canadian Financial Papers

Vol. XXX | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, MAY 9, 1936 | 10c a Copy; $5.00 a Year | No. 19

The Nation's Business

Another Budget Deficit in Sight
Mr. Dunning's Grave Warning
Taking Advice of Tariff Board
Sales Taxes and Wheat Losses
Aid for Magazines

Canada Budgets For Huge Deficit

"WE MUST make an immediate approach to a balanced budget," said Hon. Charles A. Dunning, Minister of Finance, in his budget speech. He preceded the remark with this:

> "No country can go on indefinitely with heavily unbalanced budgets and continue to maintain either the confidence of investors or the basis upon which her economy can function healthily and vigorously."

These are true words and weighted with purposeful warning. Mr. Dunning's answer to his own challenge is to budget for a deficit of $100 millions even after imposing new taxation designed to bring in additional revenues of $28 to $30 millions. No promise is made that the budget will be balanced the next year or at any other particular date. Mr. Dunning is only one man in a large cabinet; whatever he himself thinks, the government is apparently unwilling to attack budget balancing very vigorously.

* * *

CREDIT must be given to the government for economies of $16 millions in current expenditures (which have been more than offset by increases elsewhere); for taking the losses to date on wheat operations; for setting up an unemployment commission that may be better able to control relief costs; for abandoning the Bennett New Deal programme that threatened to increase our national deficits to even more colossal figures.

Nevertheless the measures taken to reduce the deficit fall far short of what might be expected of a government whose finance minister issues such a grave warning as to the serious consequences of continued deficits.

Mr. Dunning has had to find $6.6 millions to meet the cost of the donation to the western wheat pools. This was a political hand-out, and Mr. Dunning and his colleagues were under no obligation to implement the former government's bribe. Then there is the great waste involved in railway deficits, for which $48.8 millions had to be found last year. The government has a railway policy. It is to wipe out the Trustee Board, which has been remarkably ineffective in cutting the C. N. R.'s losses, but to substitute for it a return to the old system whereby the National Railways are immediately under the control of the politicians. If this is all the government has to offer by way of solving this major national problem, balancing of the budget may be regarded as a remote prospect.

Mr. Dunning outlines a good programme when he says:

> "What we can and must do is to make an immediate, appreciable approach to a balanced budget as the first step in a definite, positive programme which will assure the attaining of our final objective within a limited period."

Mr. Dunning knows that the government has to effect major operations on government expenditures before that "appreciable approach" can be made. These major operations are not apparent. The King government still relies chiefly upon recovery to solve its problems.

Mr. Dunning's words require to be backed up by more substantial governmental action before they will carry full conviction. We trust he will be able to carry his colleagues with him.

* * *

Tariff Board's Advice is Taken

AT FIRST blush the effects of Mr. Dunning's tariff changes are a bit confusing and perhaps disappointing as far as the average Canadian is concerned, since hoped-for price reductions in such important things as automobiles look as if they will turn instead into higher prices due to the increase in the sales tax to eight per cent.

But motor manufacturers are apparently not going to be made the goat and present plans indicate that henceforth car prices in Canada (as they have been in the U. S.) will be quoted on a "factory delivered" basis with freight, license and government tax extra. Thus Mr. Motor Car Purchaser will see his government taxes staring him straight in the eye whenever he buys a car.

Other industries may take the hint and copy the plan.

* * *

SPEAKING generally, it is of very great significance that the government has had the wisdom to be guided in most of the tariff changes entirely by the recommendations of the Tariff Board—even though that board was appointed by a previous administration. This not only reflects credit on the government but on the personnel of the board and indicates that the government will continue to respect the judgments of that body as now constituted. Most of the major tariff pro-

Continued on page 2, col. 4)

Actual Effect Of New Tariff Not Apparent

Dunning's Proposals Meet With Mixed Ottawa Reception

CHANGES EXPLAINED

From Our Own Correspondent

OTTAWA.—The Dunning budget has received a mixed reception on Parliament Hill. Within the ranks of the government, the number of dissenters is relatively small and it is doubted if there will be any bolters on the final division.

The Conservative party, it is learned, will accept the tariff issue afforded by the reduction in duty on cottons, rayons, farm implements, gasoline and items of lesser importance.

The C. C. F. will oppose the budget on the ground that the tariff reductions afford no worth-while solution either to the problem of markets or to the dearth of purchasing power in the country. They are expected to advocate the taking over, by the government, of key industries and the transacting of foreign trade through government boards.

The Social Credit party will oppose the budget because it violates every principle of the Douglas theory by increasing taxation and accepting as an objective a balanced budget.

Some Partially Successful

It is apparent that in the debate now under way, Hon. Charles A. Dunning will be under fire from all sides, not excepting his own. The inflationary element in the Liberal and the other parties has suffered complete defeat. The low tariff wing of the Liberal party has scored not a major but a minor victory. The protectionist element while it failed to stay Mr. Dunning's hand entirely, came off much better than was expected.

With respect to the tariff changes, the real significance of the budget is not apparent on the surface. Mr. Dunning, it is notable, accepted all the recommendations of the Tariff Board—although he exceeded them in the textile changes—and therefore must be presumed to be satisfied with the present personnel of that body. Changes in the board, at least this year, are most unlikely.

Superficially, the reductions in the gasoline duties appear to restore the rates in effect in 1930. The effective duty on gasoline has been cut from 2¼ to 1 per cent per gallon and a proper distillate item has been set up at ½ cent per gallon. Under the former tariff distillate, to all practical purposes, was merged with the ordinary gasoline item.

Halts Some Refineries

But there is an important change in the crude oil schedule which will operate to the advantage of the refineries. Free entry of crudes will now be restricted to the bona fide article. Synthetic crudes, imported by skimming plants, will become dutiable at ½ cent per gallon. Under the former tariff it was possible to make a crude which would qualify as such under the tariff by mixing gasoline with certain types of crude. This mixture was, to a large extent, the raw material of the skimming plants which have sprung up all over the country in the past four years. It could be skimmed easily and profitably; there was a minimum of waste. The skimming of bona fide crude oil is a much less profitable operation and it is believed that many of these plants will have to retire from business.

Textile Changes

The reductions in the preferential tariff on cottons and rayons, it is learned, are designed to effect two purposes. The first is to create a favorable atmosphere in the United Kingdom for the negotiations scheduled to begin this fall for the renewal of the Anglo-Canadian trade agreement (1932). The second applies only to the rayon industry and is to overcome a tendency on the part of one of the large manufacturers to ignore the knitting and garment manufacturing sections of the trade. It has been contended before the Tariff Board that Celanese does not sell its yarns or fabrics to the trade at reasonable prices, having regard to the prices of its finished goods. The cut in these items may enable the manufacturers to import their raw materials. Such imports would come from the United Kingdom.

Helps Low Price Cars

The general effect of the revision of the automobile tariff, it is believed, will be to retain and buttress the production of low priced

(Continued on page 2 col. 6)

Huge Trade Volume Will Feel Influence Of Budget Changes

Tariff Amendments Concern Imports Valued in Normal Year at $163,000,000 — 90 Per Cent of Revisions Downward

BRITISH PREFERENCE IMPORTANT

Tariff changes in the Dunning budget affect Canadian trade which last year totalled over $83 millions and which in 1930 amounted to approximately $163 millions according to a special analysis made by The Financial Post. Of this total trade the items where increases have been effected represent only about 10 per cent—decreases accounting for the remainder or about 90 per cent. However consumer hopes for lower prices are in many cases dashed by the increase in sales tax—a tax which last year affected something like $1.4 billions of retail trade.

British Preference Heads List

Major trade classification affected by the budget in terms of dollars and cents is the list of items where the British preference only has been reduced. This item includes most of the cotton and artificial silk tariff adjustments and includes trade which amounted to over $57 millions in 1930 and $20 millions in 1935.

Next in order of importance is the entire classification of the tariff schedule for automobile parts. This involves so many changes leading toward a simplification of the entire tariff, as to warrant its inclusion as a separate item. Trade affected amounted to something over $30 millions in 1930 and over $33 millions in 1935.

How Changes Were Distributed

A rough approximation of the incidence of the tariff changes as indicated by the preliminary survey by The Post follows:

ESTIMATED CANADIAN IMPORTS AFFECTED BY BUDGET

Tariff Reductions:	Calendar Year Imports 1935 $	1930 $
In British preference (only)	20,000,000	57,200,000
In British pref. and intermediate	3,300,000	5,700,000
In British pref., intermediate and general	11,550,000	31,200,000
In intermediate (only)	3,000,000	13,300,000
In intermediate and general	3,000,000	8,450,000
In automobile parts schedule*	33,300,000	30,200,000
Total	74,150,000	146,050,000
Tariff Increases:		
In intermediate and general	3,900,000	2,700,000
In intermediate (only)	1,300,000	8,000,000
In general (only)	3,500,000	5,100,000
By countervailing duties	275,000	1,400,000
Total	8,925,000	17,200,000
Grand total	83,075,000	163,250,000

*Not segregated due to reclassification.

Crude Petroleum Affected

Not included in these totals is the important item of crude petroleum which involved trade of between $30 and $40 millions in both 1930 and 1935. To include these large totals would distort the picture since while the budget reclassifies and changes the tariff schedules on many crude petroleum items, the net effect is only to alter the tariff incidence on synthetic crude used by "skimming" plants, will become crude imports involving about $35 millions of trade in both these years comes in free as formerly.

British Preference Items

Analysis of the concessions granted exclusively to Empire countries by way of a widening of the British preference may be divided on the basis of the volume of Canada's imports in what might be termed a "normal" year—1930—as follows:

Cotton rovings and fabrics on which the specific tariff against Great Britain was removed—$13 millions.

Artificial silk rovings and fabrics—$11.7 millions.

Iron and Steel machinery, on which a former B. P. tariff of 15 per cent is reduced to 10 per cent for items made in Canada while items not made in Canada now come in free. Total trade in this kind of

(Continued on page 2, col. 3)

Law Prescribes $100 Exemption

Most far-reaching of all the tariff changes announced by Hon. Charles Dunning last week may easily be the new tariff item 703 which defines regulations under which travellers' baggage may now enter the Dominion.

This is the so-called $100 tourist exemption clause which was promised as a concession to the United States following the Canada-U. S. trade pact last November.

The regulation "prescribed by the Minister" follows:

> "Goods valued at not more than $100 included in the baggage accompanying residents of Canada returning from abroad after an absence from Canada of not less than 48 hours and acquired by them for personal or household use or as souvenirs or gifts, but not bought on commission or as an accommodation for other persons or for sale, under regulations prescribed by the Minister—Free.
>
> "Provided that a resident of Canada shall not be entitled to the exemption herein granted within a period of four months from the date of the last exemption allowed, nor shall the exemption be allowed on alcoholic beverages in excess of one quart, or on tobacco in excess of 50 cigars, 200 cigarettes and two pounds of manufactured tobacco."

Price Bros. "Expenses" Reach Staggering Total

From Our Own Correspondent

MONTREAL.—Gross revenue from 17,000 tons of newsprint will be required by Price Bros. & Co. to pay the extra expenses incurred since it went into bankruptcy.

With newsprint at $41 a ton and operations at 70 per cent of capacity, the company's two newsprint mills at Kenogami and Riverbend would require 22 working days to turn out this quantity of paper.

That, in brief, is what bankruptcy has cost the company to date. It may be a lot more before the company is taken out of receivership, as the two opposing groups seeking control do not show any signs of conciliation.

Expenses Near $700,000

At the meeting held in Quebec City on April 29—three years and 19 days after Price Bros. & Co. went into bankruptcy—figures were submitted to shareholders and creditors showing that up to that time costs in connection with the bankruptcy had aggregated nearly $700,000, or around $230,830 yearly.

Unfortunately detailed figures were not tabled to show how this total had been reached, but the main items of expenses listed indicate that the final reckoning will show they are too low rather than too high.

Sufficient data were given to cause the shareholder no little wonder as to how he is going to fare in the fight for control.

Bondholders' Costs Big

Topping the list is the bondholders' protective committee whose expenses to date amount to $425,000, or $141,666 a year since the company defaulted on its funded debt. This sum is equal to 3.75 per cent of the face value of the bonds outstanding and not all of which were deposited with this committee.

It is said that legal fees constitute by far the largest proportion of the bondholders' committee expenses.

Receiver's Total $125,000

Next in line is the expense of the receiver-in-bankruptcy, Hon. Gordon W. Scott. His expenses, including remuneration, are estimated at $125,000, or an average of $41,666 a year since appointment.

Montreal Trust Co., as trustee for the bondholders, expects to receive $107,500 for its expenses. This averages $35,833 annually for the last three years.

Other Committee Expenses

The expenses of the preferred shareholders' protective committee follow and are relatively modest. They amount to $25,000, or $8,333 a year since the company went into bankruptcy.

The list does not end there, for there are two other protective committees—Price Bros. common shareholders and Price Realty bondholders—whose expenses must be paid. Each committee places its expenses at $5,000, or $1,666 a year since 1933.

With the failure last week to pass the "company plan" of reorganization, the receivership may continue for some time unless the two groups seeking control reconcile their varied interests.

Meanwhile someone must pay the expenses outlined and that "someone" will be the shareholder.

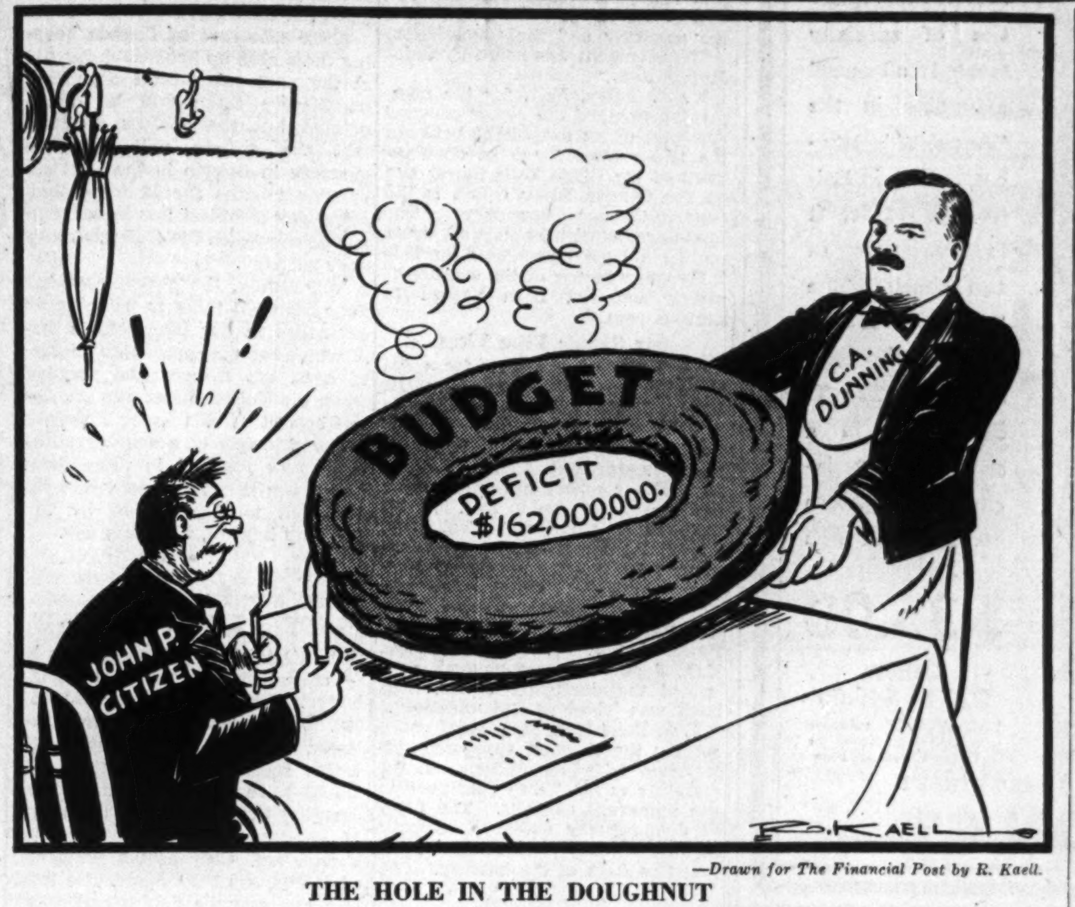
Reciprocity Pact Threatened By U. S. Whisky Excise Claim

From Our Own Correspondent

OTTAWA. — Official information at Ottawa is to the effect that Canadian distillers have failed to negotiate a settlement at Washington with respect to the claim of the U. S. government for excise taxes on the huge exports of hard liquor from Canada to the U. S. during the period of prohibition.

This dispute indirectly threatens the life of the U. S. agreement. Premier Mackenzie King, speaking on the trade agreement early this session, stated that under certain conditions Canada would be prepared to make use of the "escape" clause and give notice to Washington of the termination of the pact

Under legislation now before Congress, the U. S. government will be authorized to claim some $150 millions of excise duties from Canadian distillers on account of shipments which entered the U. S. illegally during prohibition days. Under the new law, Canadian distillers would have to put up security to the amount of twice the value of the claim against them in order to maintain their right to export. This security would be held pending a settlement.



—Drawn for The Financial Post by R. Kaell.

THE HOLE IN THE DOUGHNUT

Lower Priced Motor Cars Up in Price After Budget

Week's Figures Reveal Gains

Substantial gains in carloadings and flour production are shown in the current week's business figures. Retail sales as reported by the D.B.S. chain store index are also higher as is the volume of financing of new and used cars.

For further details see page 7.

Monthly:	March	—Change— From prev. period %	From prev. year %
Car financing:			
New cars	2,177,433	+116	+24
Used cars	1,721,596	+89	+40
Retail sales index.	71.7	+3	+3
Flour prod., bbls.	1,171,741	+15	+12
Weekly.			
Car loadings, No.	47,228	+6	+12
Cattle sales, No.	17,456	—10	+21
Hog sales, No.	18,157	—6	—12

Highlights

The Budget

Taxes and tariff changes bring mixed reactions from Canadian business community. Page 11

Relief Burden

Analysis of leading Canadians' views on prospects for the next five years reveals relief problem is major consideration. A summing-up of The Financial Post's noted series, "The Next Five Years in Canada."

Page 3

Sir Norman Angell

World famous economist draws another veil from "The Money Mystery" in a discussion of the effects of altering the quantity of money.

Page 20

Investor's Index

INDUSTRIALS AND UTILITIES

Company	Page
Acme Glove	10
Acadia Coal	13
Assoc. Brew.	15
Bank of Montl.	10
Beauharnois	5
Bank of N. S.	10
Bank of Toronto	10
Bank of Comm.	10
Bank of Can.	15
Burns & Co.	4
Brewing Corp.	4
Barclays (Can.)	10
Banq. Can. Nat.	10
Corr. Paper Box	9
Can. Hydro El.	15
Can. Malting	4
C. P. R.	4
Can. Airways	4
Can. Marconi	4
Can. Bronze	3
Claude Neon	3
C. N. R.	16
Confed. Life	16
Can. Utilities	4
Dominion Tar	9
Dom. Bridge	4
Dom. Tar	4, 9
Dom. Coal	4
Dom. Gas	4
Dominion Bank	10
Dairy Corp.	4
Dom. Electric	12
Employ. Liab.	16
Fraser Coy's	4
Fam. Players	4
Ford of Can.	4, 12
F. N. Burt	12
Godfrey Realty	9
Goodyear	9
Geo. Weston	9
Goderich El.	4
Huron & Erie	10
Hinde & Dauch	12
Ham. Bridge	4
Int. Nickel	4
Indust. Accep.	4
Inter City West.	4
Imperial Bank	10
Lloyd's	16
La Salle Hotel	4
Morrison Brass	4
Maple L. Asbes.	5
Mont'l. Light	15
Maple L. Mill.	2
Nat. Light	12
Ottawa Valley	2
Power Corp.	4
Provincial Bank	10
Price Bros.	1, 4
Pacona	1
Robt. Mitchell	3, 4
Royal Bank	10
St. J. Dry Dock	4
Stand. Steel	4
Traders Fin.	4
United Corp.	4
Un. Fuel Inv.	9
Union Gas	1, 9
Wabasso Cotton	4

MINES AND OILS

Company	Page
Aldermac	18
Ashley	19
Argosy	19
Buff.-Ankerite	19
Beattie	19
Blue Star	18
Big Missouri	19
Bralorne	19
B. C. Nickel	19
Cons. Smelters	19
Coniaurum	19
Can. Malartic	19
Diana Gold	18
East Malartic	19
Flin Flon	18
Falconbridge	19
Gurney Gold	19
Gunnar	19
Gold Lake	19
Gilmour	18
Hudson Pat.	19
Hercules Cons.	19
Hedley Mascot	19
Homestead Oil	18
Hightower Oil	9
Howey	19
Imperial Oil	9
Int. Nickel	19
Lava Cap	18
Laguna	19
Lebel Oro	19
Little Long Lac	19
Min. Estates	19
McMillan	19
Mond Nickel	18
Matachewan	19
New G. Rose.	19
Nicola	18
O'Brien Gold.	19
Paymaster	19
Polaris	18
Pamour	19
Pt. Hood Coal	18
Quebec Gold	19
Reno Gold	18
Robb-Montbray	18
Red Lake G. S.	19
Stand. Chem.	18
Sullivan	18
Stad. Rouyn	18, 19
Thompson-Cad.	19
Vidette	19
Wingold	18
W. Cons. Oils	19

QUOTATIONS

Section	Page
Stocks	14
Bonds	14
Mines	14
Grain	17
Foreign Exchange	2

REGULAR FEATURES

Feature	Page
Banking	10, 15
Bond Markets	5
Business	7
Construction	13
Company Earnings	4
Dividends Declared	5
Editorial	6
Grain	17
Insurance	16
Investment Trends	4
Investment Notes	4
Investors' Enquiries	9
Mining	18, 19
Public Utility Earnings	5

Changes in Higher Price Class May be Slightly Downward

Though motor makers are still deep in cost and price figures, most car buyers will pay more for their new 1936 machines following the Dunning budget of last week. Big cars may be reduced but no prices were available as at time of going to press. Reason for the increase is, of course, the jump in sales tax.

Ford and Chevrolet

Smallest increase seems to be in Chevrolet which reports a Standard Coach on sale complete at Toronto with license and all taxes paid at $817—an increase of $3. The Master Coach on the same basis is higher by $6 at $953.

Ford dealers in Toronto report a standard coach at $811—an increase of $14, while a Fordor Touring sedan complete with trunk is quoted at $978—an increase of $19.

These are, of course, "net" increases after allowing for expected cost savings resulting from the budget.

Other price increases reported for Toronto include:

Oldsmobile "6" coach, up $16 to $1,161; Oldsmobile "8," up $27, to $1,397; Dodge 2-door touring sedan (D3), up $18 to $955—the increase in Dodge and DeSoto models ranging from $15 to $35. Plymouth are reported up a like amount with Chrysler increases ranging from $25 to $45. Nash cars around the $1,000 mark are up about $25.

One important result anticipated from the new tariff is that car prices will be more generally quoted on a "factory delivered" basis—exclusive of freight, license and government taxes. In this way the industry hopes to make car buyers more "tax-conscious."

Union Gas Profit Shown at $600,000

Union Gas of Canada earnings for the year ended March 31, 1931, are estimated by Dominion Securities Corp. as likely to be $600,000 available for bond interest after depreciation, development costs and income taxes. The annual interest on the $45 millions new bonds now existing will be $190,000 in the current year.

Increased earnings are attributed to the fact that in London the company has been supplying natural gas since October 1, 1935, and the increase in heating appliances has been greater than expected.

Hope Alberta Will Accept Loan Council

Officials May Confer Again With Ottawa Authorities

LOOPHOLE OPEN

Hope has not been abandoned in well-informed quarters that Alberta will agree to the Dunning loan council scheme with the modifications announced by the Dominion Minister of Finance in last week's budget address.

It is understood Premier William Aber of Alberta, and Hon. Charles Cockroft, provincial treasurer, will be invited to Ottawa to discuss with federal officials a reconsideration of the loan council scheme.

Premier Aberhart stated this week that the modified plan is "worse than before." He is under pressure from his more radical followers. This is believed to account for some of his public pronouncements.

Loophole Open

One important loophole has been left in the "Provincial Loans Refunding Act" by which the Aberhart government has been planning to refinance all the province's debts at not less than 2½ per cent.

The act can be proclaimed in whole or in part by the government. The significance of this is that the first three sections of the act could be proclaimed and would simply give the province authority to come right into the loan council scheme.

Sections of Act

The first two sections are merely definitions and section three reads:

"'The lieutenant-governor in council is hereby authorized to enter into agreements with the government of Canada,—

"(a) providing for the guarantee by Canada of the payment of principal and/or interest and/or sinking fund of securities heretofore issued or hereafter to be issued by the province for the purpose of refunding all or any part or parts of the indebtedness of the province for the time being secured by any of the securities of the province.

"(b) providing for the guarantee by Canada of the payment of principal and/or interest and/or sinking fund of any securities to be issued

(Continued on page 2 col. 5)

Bank Deposits Increase By Ottawa Action in '34

From Our Own Correspondent

MONTREAL. — Amendment of the Dominion Bank Notes Act in the middle of 1934, by which bank cash was increased by $53 millions, brought about an increase of no less than $250 millions in deposits by the end of 1935, according to the Monthly Letter of the Royal Bank of Canada.

The pre-depression peak of bank deposits in Canada, says the letter, was attained on October 31, 1929, and amounted to $2,370 millions. This figure does not include deposits of Canadian banks outside of Canada. The low point indicated by bank returns was on July 31, 1932, when deposits in Canada amounted to $1,875 millions, a decline of 21 per cent from the high. From the low they increased by $55 millions to June 30, 1934, and in the next eighteen months by $250 millions, making a total gain from the low point of $305 millions.

Watch United States

In discussing this feature the Royal Bank Letter says that in Canada, bank reserves may be described at present as slightly more than ample, and as long as this continues "we may expect a steady growth in this country." A similar condition is present in Great Britain, but very large additions to bank reserves would have to be created in both Canada and Great Britain to bring a situation at all comparable with that of the United States. The Monthly Letter goes on to say:

"Before the serious danger of absolute inflation occurs in the United States, something will have to be done by the central monetary authority to reduce redundant reserves. The problem, however, is not urgent because neither prices of commodities nor volume of business have been restored to anything like normal, to say nothing of the backed up demand of the depression years. Nevertheless, this is a situation which it is necessary to keep in mind. If the present surplus reserves are to be allowed to have their normal effect in the United States, Canada will have to make up her mind to follow the United States or to arrest the growth of bank deposits by creating a premium on Canadian funds."

Group Plans Force Pacona Out of Scene

Redemption of Price Bros. Bonds Will Remove Opposition

RAISE $20 MILLIONS

From Our Own Correspondent

MONTREAL.—Arrangements now are being made by the group who backed the unsuccessful "company plan" for the reorganization of Price Bros. & Co., to raise the additional capital necessary to overcome the opposition of the rival group working through Pacona Ltd.

At last week's meeting of shareholders and unsecured creditors, Saguenay Power Co., associated with Pacona, blocked the company plan by casting a negative vote. Other creditors voted approval, but the dollar value of Saguenay Power's claim was sufficient to prevent the necessary 75 per cent of the claims being voted in favor of the plan.

Pacona Stumbling Block

Even had Saguenay Power voted for the plan, there would still have been the opposition of Pacona Ltd., representing Aluminium Ltd., and Lehman Bros., to overcome. This group has expressed publicly its disapproval of the plan, and, further, that it would not sell its holdings of practically all of Price Bros. bonds.

Pacona and associates want control of the property. They are willing to make minor concessions to the old preferred and common shareholders, but such concessions are understood to be wholly unsatisfactory.

Through control of the bonds Pacona can apply for foreclosure and with the bonds be in a powerful position to overbid competitors at public auction of the assets.

This step can be prevented only in view of the little likelihood of any reconciliation between the two groups, by the company redeeming the bonds and paying off accrued interest charges.

Need Nearly $20 Millions

At least $19 to $20 millions will be required to force Pacona out of the picture by purchase of its bond holdings. This figure includes the $7.5 millions which it was originally intended to apply toward cleaning up unsecured liabilities and providing additional working capital.

The problem of the group comprising Lord Beaverbrook, Bowaters Paper Mills, Wood, Gundy & Co., R. O. Sweezey & Co., W. C. Pitfield & Co., Royal Securities Corp., Drury & Co. and other Canadian investment dealers, is how to raise the $12 millions and what concessions will the preferred and common shareholders have to make for this additional capital.

Cut Down Equity

When the amount of new capital needed was only $7.5 millions, backers of the "company plan" could afford to be generous to the old shareholders. With new capital requirements more than twice that figure in order to force out Pacona, it will not be possible to be as generous in apportioning the equity between the old shareholders and the new interests.

Under the defeated "company plan," the old preferred shareholders were given 33 per cent and the common shareholders about 18.5 per cent of the equity under the new set-up. Between them, the old shareholders would have had 51.5 per cent of the equity.

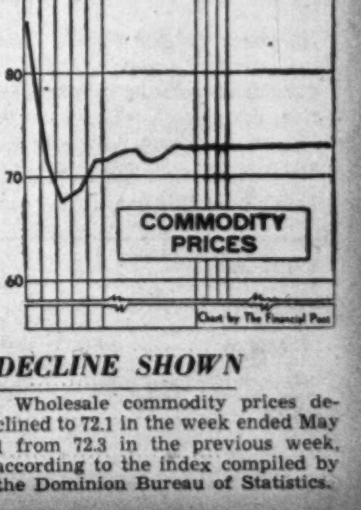
Pacona Awaits Time

Meanwhile it is possible that Pacona may come forward with a new offer. Its original offer only provided for the bondholders and the unsecured creditors. It is understood that Pacona has in mind capital arrangement whereby fixed charges will be reduced to bring them more in line with current earning power.

Kirkham, Scanlon & Co. Suspended by Godfrey

Operations of Kirkham, Scanlon & Co., Toronto stock brokerage firm, have been suspended by J. M. Godfrey, Ontario Securities Commissioner. It is alleged the firm failed to make deliveries of certain stocks. Macleod-Cockshutt was one of several stocks of which the firm was short, Mr. Godfrey stated.

The suspension is said to be temporary, pending investigation by the Securities Commission.



DECLINE SHOWN

Wholesale commodity prices declined to 72.1 in the week ended May 1 from 72.3 in the previous week, according to the index compiled by the Dominion Bureau of Statistics.

From England — the "AQUATITE"

The distinction of English tailoring is combined with the rain-resisting qualities of specially treated all wool gabardine in the "Aquatite" raincoat. Cut in Balmacaan style, it is available in tan shade. The "Aquatite" is sold in Toronto exclusively by The T. Eaton Co. in a selection that includes sizes 36 to 46. Priced at each

$35.00

Others $20 to $45.00

"AQUATITE" raincoats may be purchased on Eaton's Budget Plan.

SECOND FLOOR — JAMES STREET

THE T. EATON Co LIMITED

TWENTY-TWO YEARS OF STEADY PROGRESS have confirmed the high opinion of those who have appointed the Capital Trust Corporation as their executor, trustee or financial agent.

CAPITAL TRUST Corporation Limited

MONTREAL OTTAWA TORONTO

MOTHER'S DAY

SUNDAY, MAY 10th

Send Her Flowers

All Seasonable Flowers at Lowest Prices

Our Shops will be open Friday and Saturday evenings.

We will deliver — Phone ELgin 9286-9287-9288

Uptown Branch, MOhawk 3000 or 5555

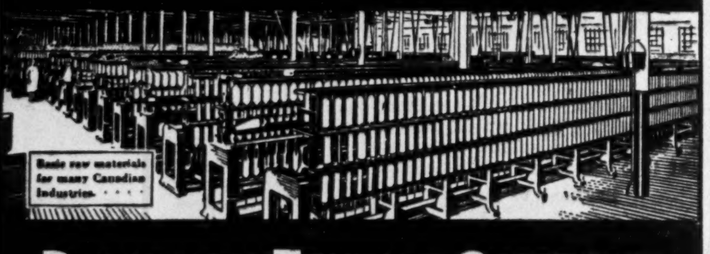
SIMMONS and SON LIMITED

350 YONGE STREET AT ELM

UPTOWN BRANCH - 2518 YONGE STREET

Mother's Day Flowers may be Telegraphed anywhere

COTTON FABRICS AND YARNS



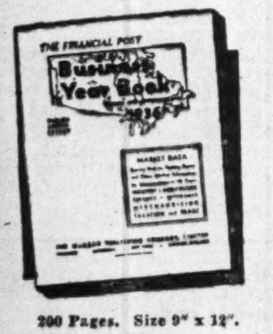
Basic raw materials for many Canadian Industries

DOMINION TEXTILE COMPANY LIMITED

MONTREAL TORONTO HAMILTON WINNIPEG VANCOUVER

The Book of the Year!

Sales-Building Data never before available and 50,000 other up-to-the-minute facts about Canada and Newfoundland are in this new, twelfth annual edition of The Financial Post



200 Pages. Size 9" x 12". Price, $2 a copy.

1936 BUSINESS YEAR BOOK

At your finger tips! Comprehensive, detailed analysis of the purchasing power, and a dozen other vital factors, of the Canadian Market by Communities. Other sections contain exhaustive compilation of information about industry, agriculture, finance, insurance, trade, taxation and other economic aspects, arranged for your convenient, daily, ready-reference.

Don't miss this book. Make sure of your copy today, NOW!

The Financial Post,
481 University Avenue,
Toronto 2, Canada.

Send me .... copies of The Financial Post BUSINESS YEAR BOOK, 1936, for which I enclose $..........

NAME ....

ADDRESS 674

Ottawa Valley Hearing Opens

Claim Cancellation of Hydro Contract Ultra Vires

Hearing started this week at Osgoode Hall, Toronto, of the case of Ottawa Valley Power Co. against the Hydro-Electric Power Commission of Ontario regarding cancellation of the power contract between the company and the Commission.

The argument was heard by Chief Justice Rose.

W. N. Tilley, K.C., for the company, contended the power contract was part of an agreement between the two parties for joint development of the Chats Falls power site on the Ottawa River which is the Ontario-Quebec boundary. The joint development, he claimed, could not have been undertaken in 1929 if Hydro purchase of the company's power had not been agreed to simultaneously.

Say Statute Ultra Vires

The company is asking for a declaration that statute cancelling the Ottawa Valley contract with Hydro is ultra vires the Ontario Legislature, or is inapplicable to the company's agreement. Also it asks $115,000 for power not paid for by the Commission up to Dec. 6, 1935, the date the statute was proclaimed.

Hon. A. W. Roebuck, attorney-general of Ontario is named as a joint defendant along with the Hydro Commission and Royal Trust Co., trustee for the Ottawa Valley Power bonds. I. A. Humphreys, K.C., deputy-attorney-general, contended that inclusion of Mr. Roebuck was frivolous and vexatious.

R. S. Robertson, K.C., chief counsel for the defense, expressed differences with contentions of the plaintiffs as Mr. Tilley continued to file numerous exhibits. The filing of documentary evidence comprised most of the proceedings of the first two days of the hearing.

HUGE TRADE VOLUME WILL FEEL INFLUENCE OF BUDGET CHANGES

(Continued from page 1)

machinery amounted in 1930 to $16 millions of which about 90 per cent came from the U.S.

The other important concession is the reduction from 15 per cent to 10 per cent of the British preference tariff on a blanket item of manufactured iron and steel articles which involved trade in 1930 of almost $13 millions most of which came from the U. S.

The U. S. tariff on both this item and the machinery item quoted above is now 27½ per cent as compared with 35 per cent prior to the Canada-U. S. trade pact.

Clothing and Light Bulbs

Canada has lowered both the British preference and the intermediate tariff on a considerable volume of imports of cotton and artificial silk wearing apparel, clothing, etc. This is the major item in the grouping shown above as indicating a reduction in both British preference and intermediate schedules. Other important items in this group include lower duty for glass forms used in manufacture of electric light bulbs; in iron and steel tubing and in hops.

Changes resulting in a reduction of all tariffs, include gasoline which amounted to over $17.5 millions of import trade in 1930 and $4.5 millions in 1935; traction engines, $17.7 millions in 1930 and $3.3 millions in 1935; scientific instruments and a general grouping of hardware items such as adzes, saws, hammers, etc., both of which involved total trade of over $1 millions in 1930.

Farm Implements

Trade cuts in the intermediate tariff alone are chiefly confined to agricultural implements which now come in at 7½ per cent compared with 12½ per cent under the Canada-U. S. treaty. This trade totalled over $11 millions in 1930; about $2 millions last year.

In the cuts affecting both intermediate and general tariff the major item is automobiles which involved about $7.4 millions of trade in 1930 and $2.8 millions in 1935. This trade is affected by changes in the tariff on higher priced cars; by changes in excise tax and by reclassification of content and raw material requirements.

On the few items where the tariff has been raised the largest individual item is advertising and printed matter against which the intermediate tariff is now raised to be not less than 27½ per cent ad valorem. The specific duty on the intermediate schedule remains unchanged at 12½ cents per pound. Imports under this item totalled $6.8 millions in 1930 and just over $1 millions last year.

Another increase is a lift in the intermediate and general tariff on raisins and currants from 3 to 4 cents a pound. Imports total over $3 millions annually (largely from Australia which obtains free entry under the British preference). An increase in the general tariff on green coffee is not expected to be of major importance as it does not affect the major sources of Canadian supply.

Insurance Inklings

HOWARD J. CROFTS has been appointed branch manager of Monarch Life at London, Ont.

ROY S. DALE has been appointed manager, London branch of Sun Life Assurance Co. Mr. Dale joined the company in 1924 and was for several years one of the largest producers in the Dominion for the company. Since 1934 he has been agency assistant at London branch.

He succeeds J. N. MERTZ, who has been transferred to the company's Western U.S. department.

EXECUTIVE AVAILABLE

With Sales and Engineering Background

An aggressive young executive well qualified to manage a company; an engineer trained in sales management, promotion and accounting; a man with a successful record in a large company.

BOX 324, THE FINANCIAL POST, TORONTO

The Nation's Business

(Continued from page 1)

nouncements, namely on automobiles, gasoline, textiles and furniture, fall in this category.

* * *

ANOTHER important outcome is the decision of the government to make a friendly gesture to Great Britain by restoring many margins of preference originally granted under the Ottawa agreements and subsequently impaired by the Canada-U. S. trade pact.

Those who favored Canada keeping these aces up her sleeve for use at the next round-table discussion on Empire trade will be disappointed but the obvious goodwill that the gesture will doubtless generate in Britain in the next six or nine months should more than offset any technical loss in bargaining power which the Dominion may have suffered.

And finally, the government has done the right thing in patching up anomalies in our intermediate tariff which became apparent in the case of eggs, cut flowers and potatoes when the United States was granted the benefit of this lower schedule.

The principle of a countervailing tariff now restored in these three items, was first introduced into the Canadian tariff structure by Mr. Dunning himself, six years ago.

* * *

Sales Tax Increase Pays For Wheat Gamble

THE Minister of Finance is to be commended for including in the budget provision for some $22,600,000, to take care of the ascertained losses, up to December 2 last, on the wheat stabilization operations. It would have been possible to keep carrying these along, in the shape of continued guarantees of bank borrowings. Only partial provision, of course, has been made. The total cost can only be determined when the stabilization stocks have been finally liquidated, and may be very much greater. In addition, there will be a loss, as yet undetermined, on this year's operations of the Wheat Board. It will be surprising if next year's budget does not require provision for a much larger sum than provided this year, and also if a further amount has not to be provided in the budget after that. The country will be fortunate if its total losses in this connection do not run to $50 or $60 million. And that is without considering what further subsidies may be paid on wheat in future years.

It is an interesting coincidence that the additional revenue estimated from increasing the sales tax from six to eight per cent, some $22 millions, almost exactly balances the stabilization losses provided for this year. This coincidence will bring home to people that losses of this nature should not be referred to as burdens on the public treasury. They are burdens on the pocketbook and on the household budgets of the people of Canada.

* * *

A Better Chance For Canadianism

CANADIAN publishers got a most unsatisfactory deal in the United States reciprocity agreement. While United States periodicals were exempted from duties, Canadian publishers were left to bear a heavy tax and duty burden. Canadian periodicals were brought to a position of crisis.

In the new budget the government has recognized in some measure the most unfair situation that had been created. A number of tariff and tax changes have been made to ease the handicaps upon Canadian national literature. Duties have been taken off a great deal of printing equipment; a drawback of 50 per cent has been granted on paper; the sales tax has been taken off paper and ink; duties have been lowered on some other supplies.

These changes will help to equalize the competitive position of American and Canadian magazines; and give our own literature a better chance to compete against Americanizing periodicals filled with foreign commercial propaganda.

The changes do not relieve Canadian periodicals of all of the handicaps to which they are subjected. They must still continue to bear some duty and tax levies from which their American competitors are exempt. Representing as they do the interests of all Canadian producers, who must meet the competition of American advertised goods, of Canadian workmen and of Canadian cultural interests, the publishers here will no doubt continue their efforts to have complete parity restored to competitive conditions, to the extent that such is within the control of the government.

St. Lambert Plan Meets Approval

From Our Own Correspondent

MONTREAL.—Quebec Municipal Commission's plan for redeeming the bonded indebtedness of the City of St. Lambert has been accepted by over 84 per cent of the shareholders. To give effect to the redemption plan, the Quebec Government will pass a bill authorizing a new issue of $3.3 millions to pay all outstanding bonds and the entire floating indebtedness of the municipality.

Under the original plan put forward by the city, it was proposed to postpone all capital maturities for three years; reduce interest rates by one per cent to a minimum of three per cent; limit future borrowings and to give the Municipal Commission authority to pass on the budget and tax rate.

Under the revised and accepted plan, all bonds issued by the city, bearing an interest coupon under five per cent, will be redeemed at 100 and accrued interest.

All bonds bearing an interest coupon of five per cent will be redeemed at 100½ and accrued interest.

Bonds carrying six per cent coupon will be redeemed at 101 and accrued interest, and over that rate at 102 and accrued interest.

Obituary

Alvin R. Burrows, president of A. R. Burrows and Son, and prominent in the Canadian textile industry for many years, at his home in Guelph. He was 71.

William S. Campbell, manager of transportation and customs of the Canadian General Electric Co., in Toronto. He was 60.

H. Walter Scott, head of the Scott Knitting Co., for the last forty years, in Toronto.

J. W. Belisle, manager of the Montreal, Atwater and Notre Dame branch of the Royal Bank of Canada, at Montreal.

T. L. Roberts, manager of the Richibucto, N.B., branch of the Royal Bank of Canada, at Richibucto.

Arthur James Jackson, president of the Imperial Trusts Co. and founder of the Colonial Investment Co., in Toronto. He was born in Michigan in 1889.

HOPE ALBERTA WILL ACCEPT LOAN COUNCIL

(Continued from page 1)

hereafter by the province in respect of any borrowings by the province.

"(c) as to any conditions or terms subject to which any such guarantee by Canada is given."

In order to refund all its debt under federal guarantee, Alberta would have to subject its finances to some control. However, the defaulted bonds due April 1, 1936, could be paid off with federal aid if the modification of the loan council plan is acceptable to the Aberhart government.

Social credit remains the gospel of most members of the Aberhart party in Alberta. It is believed, however, that some of the leaders of the movement have modified their views. The tardy progress of social credit has led to dissatisfaction of the more radical elements in the government. The possibility in this is that the back-benchers will try to throw out the government; or that the government will eventually dissolve and put all its members up against the problem of re-election by constituents who have yet to receive their first social credit "dividend."

One of Mr. Aberhart's big problems is how to clear Alberta's default with federal aid without causing a rebellion in his social credit party. Another puzzling feature of the situation is that Mr. Aberhart's personal views on social credit are now reported privately to be metamorphosed into something like a cash relief programme.

Maple Leaf Milling Splits Western Field

From Our Own Correspondent

WINNIPEG. — Winnipeg sales division of the Maple Leaf Milling Co. is affected by a decentralization policy adopted by the company, according to announcement by W. J. Smallacombe, western manager.

The new policy involves decentralizing the present western organization into two units. The Winnipeg office will be continued as a grain purchasing and city sales office. It is understood the change involves the transfer of some members of the staff to Medicine Hat, Alberta, and Kenora, Ont. Mr. Smallacombe, the present western manager, will take an executive position with the head office of the company at Toronto.

Foreign Exchange

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

	Par $	Apr. 28	Apr. 29	Apr. 30	May 1	May 2	May 4
U. S. dollar, High	.5906	1.00 11/32	1.00 11/32	1.00 9/32	1.00 5/16	1.00 7/32	1.00 1/16
Low	.5906	1.00¼	1.00 3/16	1.00¼	1.00¼	1.00 3/32	1.00 3/32
1935, High	.5906	1.00 11/32	1.00 11/32	1.00 11/32	1.00 11/32	1.00 11/32	1.00 3/16
Low	.5906	1.00 3/16	1.00 1/16	1.00 11/32	1.00⅜	1.00 3/16	1.00 3/16
U. K. pound	4.8665	4.95½	4.95½	9.45¼	4.95¼	4.94¾	4.96¼
Argentina	.4246	.....	.2759	.2763	.2762	.2755	.2757
Australia	4.8665	3.9544	3.9574	3.9542	3.9530	3.9515	3.9616
Austria	.1407	.1884	.1883¼	.1884	.1882½	.1881	.1877
Belgium	.1392	.1697	.1695¾	.1697	.1695½	.1694½	.1697
Brazil	.1963	.0562	.0561½	.0562	.0566½	.0561	.0561
Czechoslovakia	.0296	.0415¼	.0415¼	.0415¼	.0415¼	.0414½	.0414
Denmark	.2680	.2212½	.2213¼	.2212½	.2211½	.2210½	.2218
France	.0392	.0660¾	.0660¾	.0660¾	.0661¼	.0659½	.0659
Germany	.2382	.4035¼	.4034½	.4043½	.4031	.4027¼	.4028½
Greece	.013	.09482	.09439	.09475	.09450	.09550	.09475
Holland	.4020	.6818	.6800	.6819	.6802	.6798¾	.6784¼
Hungary	.1749	.1975¼	.1975	.1975	.1972½	.1988	.1986
India	.3650	.3774	.3775	.3777	.3778¼	.3768	.3784
Italy	.0526	.....	.....	.....	.0793	.0792	.....
Japan	.4985	.2904	.2904	.2904	.2897¼	.2894½	.2902
Jugoslavia	.1929	.0231	.0231	.0231	.0231	.0231	.0229½
New Zealand	4.8665	3.9943	3.9974	3.9941	3.9929	3.9914	4.0015
Norway	.2680	.2490½	.2491	.2492	.2489¼	.2489	.2496
Poland	.1122	.....	.1931	.1891	.1891	.1890	.1887
South Africa	4.8666	4.9282	4.9319	4.9279	4.9264	4.9245	4.9371
Spain	.1929	.1369¾	.1369¾	.1369½	.1369	.1367¼	.1365
Sweden	.2680	.2554¾	.2555½	.2555	.2556	.2552	.2560
Switzerland	.1930	.3269¼	.3258¼	.3256¼	.3257	.3258	.3254
Hong Kong	.5422	.3281¼	.3281	.3281	.3278	.3270	.3272

Consider Western Housing Loans

Mortgage company advertising announcing consideration for loan applications under the Dominion Housing Act is now beginning to appear in Western Canada.

Lending institutions have been cautious about extending further credit in this field. They stated that until the real estate situation in the Prairie provinces and British Columbia showed more activity, money loaned on new housing might prove a dubious investment. It is understood there have been negotiations among interested parties, including representatives of the federal government administering the act, the construction industry, associations representing the producers of construction materials and the mortgage companies. As a result, it is understood the latter are now willing to give consideration to selected risks.

ACTUAL EFFECT NEW TARIFF NOT APPARENT

(Continued from page 1)

cars in Canada and to discourage, perhaps eliminate, the production of the higher priced models. It is understood that by changes in the sales tax and in the tariff on parts and machinery, the effective tariff on the low-priced cars has been increased from 17½ to 24.5 per cent.

In a general way, the tariff changes brought no reversal of the United States agreement. The furniture industry failed to recover any of the lost protection and the government escaped from the difficult position with respect to cut flowers, eggs in the shell and potatoes by resorting to the countervailing duty policy. The treaty virtually wiped out the tariff on these articles, while the U. S. tariff remained unchanged. The countervailing provision will practically restore all the former tariff without compelling the government to increase the rates in the schedules.

Sales Tax Controversy

The taxation features of the budget will meet with criticism in the Commons both from opposition groups and from within the government. The boost in sales tax is regarded as an undiscriminating levy, bearing more heavily on the poor man than the rich. In official circles it is explained that the cabinet considered the feasibility of opening up the income tax. To have done so would have caused confusion, since 1935 tax returns are all in. Further, it was recognized that Ontario taxpayers had already sustained a 50 per cent boost in their tax. The government chose the sales tax as the handiest means of obtaining more revenue and will not regard the policy as permanent.

Miners Disappointed

The gold mining industry suffered an acute disappointment in failing to persuade the government to restore the former depletion exemption, under the income tax, or 50 per cent. All the industry received was an exemption for three years on new properties brought into production.

It is apparent that the drive for relief from income tax will not be abandoned by the industry. It is now being pointed out that the government, by regulation, could exempt mining companies from taxation under certain circumstances. The budget, therefore, is regarded more as a disappointment than a defeat.

Halifax Y. W. C. A. Issues New Mortgage Bonds

From Our Own Correspondent

MONTREAL. — Irving Brennan and Co., of Saint John, are making a public offering of $65,000 4 per cent first mortgage sinking fund bonds of the Young Women's Christian Association of Halifax. These bonds are payable in Canadian funds, mature in twelve and a half years, and are offered at 99.50 and accrued interest.

The issue is a direct obligation of the Association and constitutes a first closed mortgage and charge on the building property located in Halifax.

Metal Prices

New York—May 5—
Copper: Electrolytic spot and future, $9.50.
Silver: 44¾c.
London—May 5—
(Long Ton)—
Copper: Electrolytic spot, £41 7s. 6d.; future, £41 7s. 6d. Standard spot, £37; future, £37 6s. 3d.
Tin: Spot, £206; future, £200 2s. 6d.
Lead: Spot, £15 17s. 6d.; future, £15 18s. 6d.
Zinc: Spot, £14 17s. 6d.; future, £15 2s. 6d.
Gold: 140s. 4½d†
Silver: 20 5/16d.
Canada—May 5—
Gold: $34.85.

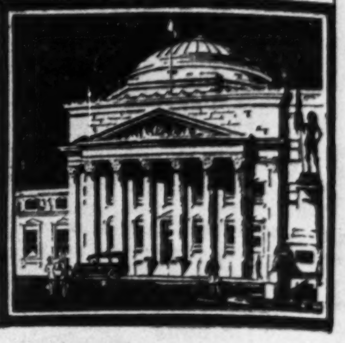
For 118 years —a stabilizing factor in Canadian business.

Head Office: Montreal

TOTAL ASSETS IN EXCESS OF $750,000,000

BANK OF MONTREAL

Established 1817



Syndicate Sponsors Bonds of Sisters of Misericorde

From Our Own Correspondent

MONTREAL.—Comptoir Nationale de Placement and Banque Canadienne Nationale head a syndicate offering $480,000 first mortgage bonds of the Sisters of Misericorde of Montreal. The issue comprises $95,000 of 3½ per cent bonds, maturing 1937 to 1943 and $385,000 of 4 per cent bonds maturing from 1944 to 1949.

The 3½ per cent bonds have been already disposed of and the 4's are being offered at par.

paintable permanent

ACOUSTI-CELOTEX

Reduces Noise

J. B. BUCKHAM

6 Broadway Toronto

Mohawk 5888

Acoustics, Noise and Insulation

CONSULTANT

We'd just as soon go back to keeping our money in a wooden strong box as do without Ediphone Voice Writing.

BANK SAVES TIME! INCREASES BUSINESS CAPACITY 50%

(From Edison case histories of the World's Business)

All banks know how to save money. Today, many save TIME with Ediphone Voice Writing.

One bank reports that before Voice Writing was installed in its Real Estate Loan Department, dictating had continued as late as midnight. Property-owners would come in during the day and interviewers would scribble notes, but secretaries weren't always available to take the information gained. Now, with Ediphone Voice Writing, dictation proceeds immediately after each interview, without waiting for secretaries. Work can't pile up—business capacity has increased 50%.

YOUR business requirements may be different. But the Pro-technic Ediphone guarantees to increase the capacity of your dictators from 20% to 50%. Ask us for proof—no obligation.

Phone or write THE EDIPHONE your City

TORONTO Phone EL. 4114
MONTREAL Phone LA. 0902
QUEBEC Phone 3-1470
EDMONTON Phone 21677
HAMILTON Phone Baker 4045
OTTAWA Phone Queen 982
WINNIPEG Phone 86-611
VANCOUVER Phone Trinity 6291
REGINA Phone 5533
SASKATOON Phone 5505
CALGARY Phone M 1561

Pro-technic Ediphone

Increase your profits with the New Ediphone

Tall ... Short ... In-Between?

NO MATTER . . . when you have your suits tailored-to-measure at SIMPSON'S! The Store for Men assures you of excellent fit — backed by up-to-the-minute styling and skilled tailoring. As for variety — you'll find a grand array of unusual checks, overchecks, plaids, stripes and other patterns in the newest Spring woollens.

The Store for Men — Second Floor.

Simpson's

24.75 to $40

Canada . . . and the Next Five Years

Relief, Canada's Big Problem Its Leading Citizens Believe

Analysis of The Financial Post's Recent Series "Canada and the Next Five Years" Finds it Major Ill

By KENNETH R. WILSON

It takes almost two score headings to list Canada's chief problems as seen through the eyes of leading citizens in all parts of the Dominion. The list includes a wide range of subjects from relief and religion down to a Canadian inferiority complex.

Relief, in all its manifestations — the dole, employment, unemployment — is ranked as Canada's No. 1 problem by nearly half those who contributed to the special series of articles just concluded in The Financial Post. The series attempted to provide a forum for frank, constructive expression of opinion as to the major problems facing Canada during the next five years, with specific suggestions for their solution.

Public Affairs Dominate

Perhaps even more significant than the mere listing of relief as a major national ill is the evidence of serious, energetic thought on the part of Canadians as to the fundamental causes of this problem, and their concern and anxiety for the broader field of relationships between private citizens and governmental bodies.

Thus, apart from railways, almost half the problems cited as being of major importance in Canada at the present time were concerned directly with public affairs, of which almost half of these, in turn, centred about financial problems, such as debt, taxation, cost of government.

Markets and Railways

Next important matter (apart from relief) was the broad question of obtaining new markets both at home and abroad for the products and services of the country. Several contributors listed this as the basic need of Canada at the present time — a need which they deemed so important as to offset all other considerations.

Then comes our railway and transportation problem. And here, the significant fact emerges that among leading Canadians who contributed their views, most of them ranked it well down the list in order of importance. Only one considered the railway problem "per se," to be in itself the most important national problem at the present time, and indeed, only three others placed it even second on the list.

New Approach Essential

However, failure to place the nation's railway problem at the top of the list is more than compensated by the remarkable unanimity of feeling among those contributing, that a new approach to public affairs was a paramount and primary need before Canada at the present time. If right thinking on public questions could be achieved, then such matters as the railway problem would not long remain unsolved or insoluble, it was felt.

In fact, in the sphere of government and public affairs, a notable feature of the contributions was the stress laid on the imperative need for a new sense of public honesty and morals in the field of citizenship. The need was seen not only for greater interest in public affairs, but also a strengthening of moral fibre against dependency on government, and a definite limitation of the extension of government into the trade, commerce and ordinary activities of the private individual.

Other Problems Cited

Other specific matters thought to rank for consideration among our chief problems included immigration; more attention to education and public health matters; need for a rebirth of Christian principles and ideals; and a greater interest on the part of Canada in foreign affairs. One of the most important specific needs was seen as an improvement in federal-provincial relations, particularly the finding of a more up-to-date legislative formula under the B. N. A. Act.

* * * *

National Views To be Analyzed

Not only did two score Canadians contribute remarkable views on Canada's chief problems in the series of articles concluded last week in The Financial Post—they also offered important constructive suggestions as to how these problems might be solved.

This week the major problem cited by these leading citizens—relief and unemployment — is analyzed.

In a subsequent issue the viewpoint of these men on other great national issues — the railways — B. N. A. Act—government finance — export policy — immigration — and so forth will be similarly analyzed.

Relief and Unemployment

In view of the major attention given to relief and unemployment, this article will confine itself to a brief discussion of the viewpoint and remedies suggested by those who contributed their views on this subject.

Looking at the problem dispassionately, many see our unemployment and relief problem as merely a symptom of fundamental and more underlying ills. But there is general support for the view of J. S. McLean, president of Canada Packers, Ltd., that "while unemployment and its derivative problem of relief is in reality a symptom of dislocation of basic industries, it has taken on so serious an aspect in recent years as to be listed first among the nation's major distresses."

Extend Farm Units

Many constructive suggestions are made as to how employment can be stimulated. Thus C. H. Carlisle, president Dominion Bank, and John Imrie of Edmonton, both urge extension of the self-sustaining farm units as a starting point. Says Mr. Carlisle:

"Increased production is only possible by lowering of costs, which thereby lowers selling price and widens the market. This means a lowering of wages and the cost of living, so that wage-earners do not suffer by the lower scale of wage rates."

"A solution of this problem would probably mean the removal of the unemployed from large urban centres to establish comfortable but inexpensive homes built on small tracts of land not over five acres in size.

"It is far better to build such homes and establish these people on this type of undertaking than on the expensive level maintained in our large urban centres where the opportunity for employment is limited, and where upkeep of themselves and their families is necessarily excessive."

Solve Other Problems

The most generally suggested remedy is the finding of employment through a solution of other national problems. Thus Sir Robert Falconer and George W. Allan, K.C., mention specifically agriculture, immigration, railways and a more active participation by Canada in foreign affairs and markets. Similarly, free-trader E. J. Young sees the cause in maladjustment of our foreign and domestic markets and looks for the day when abolition of tariff and other artificial trade barriers will restore clogged channels of commerce.

Another mid-westerner, N. M. Paterson of Fort William, urges more people put profitably to work on the land, and sees immigration and foreign markets as policies that must be developed to restore balance.

More Private Initiative

Leading industrialists such as Ross McMaster, president Steel Co. of Canada, urge more freedom for private initiative and enterprise as the best and quickest route toward increased employment.

"Government," he says, "cannot provide jobs or succeed in an effort to secure sufficient taxes to pay for idleness. Every dollar entrusted to government control is an expense dollar. Every dollar of taxes saved can become a productive dollar—a living dollar ready to provide employment if given a chance.

"Instead of crushing initiative by growing taxes and unbalanced budgets, all governments must strive to leave more dollars in hands which can use the capital to create opportunities for productive employment. Then we may expect to have more people working for themselves and less productive efforts absorbed by the cost of government."

Business Principles

Similarly, J. S. McLean sees the crying need for restoration of sound business principles, both in government and public and private affairs, and voices what he feels to be the fundamental remedy in a single formula, namely:

"To produce better goods; to organize the operations so that those better goods are produced at less cost; to improve the service by which they are offered to customers.

"By these methods a business is fortified to meet competition and its volume is increased. As volume continues to increase, a smaller margin of profit suffices. So prices can be further reduced and volume still further increased."

Arthur Purvis' Views

Of special interest is the clear-cut statement of Arthur B. Purvis, president and managing director of Canadian Industries Ltd., and recently named chairman of the proposed National Employment Commission. Mr. Purvis argues that our first national task is to re-establish credit in the Dominion, which by engendering confidence here and abroad will aid toward the solution of other problems which he lists as (1) a correct handling of relief; (2) stimulation of durable goods industries; (3) development, production and sale of primary products, and (4) a fostering of the sense of obligation of citizenship.

Stimulate Durable Goods

He urges as an unemployment solution the stimulation of the durable goods industries and says:

"With important avenues now open through the inroads of obsolescence, confidence in the future of the country (which would be the direct result as a balanced budget), combined with a taxation policy calculated to entice those with savings to seek outlets for profit in new enterprises—and particularly in housing enterprise—is required.

"This should bring about a sharp acceleration of the upturn already evident in this field, upon which upturn the absorption of so much of the remaining prevalent unemployment depends."

Many contributors single out especially the problem of unemployed youth as a major phase worthy of separate consideration. Thus Dr. Cecil C. Jones, president University of New Brunswick, sees a situation with tragic possibilities.

"If our youth becomes discouraged and lacking in incentive and ambition the heart of our national life becomes definitely paralyzed," he says. "On the other hand, there is the danger that these men may become the brains of an organization which may seriously threaten the peace and prosperity of the country as a whole."

Enlist For Service

And J. G. Ross, manager Asbestos Corp., ties the problem to relief cost when he says:

"One problem industry will have to face in increasing its working forces is that in taking on young men who have been on relief, discipline will be poor, efficiency low and the accident hazard high.

"The lowest cost form of relief would be general service for all young men under discipline similar to that of the army where the rudiments of trade might be taught, leaving the jobs to the older men while opportunities for such are restricted."

Major Social Problem

And the challenging social problem of unemployed youth is etched by Charlotte Whitton, who pleads:

"Canada, without appalling cost, cannot face the loss of the stimulus of this present generation in disillusionment, bitterness and despair. This problem is immediately upon us, and the obligation of maintaining the faith, destroying the sense of futility, and proving life by active works is what this generation owes to more than 300,000 young men and women idle and dispossessed today.

"Occupational and training projects, development of employment opportunity, the creation of outlets for the energy and effort of youth, simply must be evolved or the country can neither escape nor equate the consequence."

Urge War-time Effort

The seriousness of the situation is equally sensed by most contributors, and Rabbi Eisendrath of Toronto, for example, urges we come to grips with the problem "in the same heroic manner in which we pursued the destructive work of war."

He suggests "far-reaching, comprehensive, but wherever possible self-liquidating public works ought to be initiated," and that "the same brain that devised ways and means of raising astronomic sums for the pursuit of war could undoubtedly find the sum necessary for such constructive enterprises. Slum clearance, rural and urban housing, removal of grade crossings are a few of the many things calling for the idle man power of our country."

A. G. Partridge, president Goodyear Tire Co., is another Canadian who feels that "party politics and partisanship should be set aside as they would be under any very great emergencies, such as war. The best brains and ability in the country should be enlisted for the purpose of seriously, impartially and dispassionately devising ways and means of increasing employment."

Need Change of Heart

Then too, there are those who see little or no hope unless men either change their hearts or the economic system under which we operate.

Two leading clergymen, Dr. George Pidgeon and Rev. John Inkster, stress the vital importance of the former view, while Senator Dennis, of Halifax, feels the "unemployment of youth will persist so long as the economic machinery is geared to outworn and obsolete ideas." Similarly D. W. Morrison, who represents Nova Scotia's miners on the International Trades and Labor Congress, sees the problem as one of "recasting the economic system to meet the requirements of mechanical development."

"We, who speak for organized labor, are not opposed to the development of labor-saving machinery; but we are definitely and unalterably opposed to attempt to run a modern, highly mechanized world on a pick and shovel basis."

Economists' Views

Faulty distribution of wealth and buying power is stressed by economic experts such as Prof. Logan of Western University, while Dr. J. P. Day of McGill blames the trouble on maladjustments between wages and costs on the one hand, and selling prices on the other.

Mrs. H. P. Plumptre traces the fox neatly into its den in the following paragraph which might well be included in every economic primer:

"The three main factors in the matter of employment are the trinity of work, worker and wages. Our real problem is the lack of wages, not of work or workers.

"There is little doubt that all the employable unemployed could easily find work to do; it's the wages that are missing, for few people can live on what they produce with their own hands.

"Thus this question of unemployment which, on the surface appears so simple, relates itself through wages to money and currency and banking and tariff and foreign markets and external affairs and the degree of confidence we can place in those who have direction of public business."

* * * *

Solving Relief Riddle

And finally, relief itself and its cure.

As E. J. Young remarks, the unemployed must be looked after, and his specific suggestion is that instead of spending money on public works which saddle government with maintenance costs later on, we should use these funds "to help people fix up their homes."

This he feels would distribute money more widely throughout the country, afford more incentive to give value for the money, and "there would be more chance of getting some of it back." He also urges expenditure that would open up new territory.

This suggestion is taken up specifically by J. G. Ross, who urges graded taxation to encourage new expenditures in mining and agriculture particularly. Mr. Ross also suggests it might be a simple and comparatively inexpensive method of reducing the number of unemployed if a reduction in taxation in some proportion were granted to employers for each man added to the payroll of the company or given work by an individual.

Improve Civic Affairs

Rev. John Inkster cites James Bryce who said the community which governed its cities properly would solve the problem of unemployment. He suggests keeping city streets clean and accessible and use of unemployed in public parks and playgrounds. He also urges that we make it more possible for people to stay on the land; that we curtail hours of labor and instruct citizens how to rest and recreate bodies and souls—and also face the problem of "unemployables." This latter point was referred to repeatedly through many suggestions of the need for proper study of our unemployment problem.

Financial Aspects

Other contributors lay emphasis on the control of the financial side of relief. Thus Dr. H. L. Brittain, head of Citizens' Research Bureau, sees chronic unemployment due to individual or family weakness as a local neighborhood problem, to be, "as in the past, administered and financed locally," but states: "unemployment relief is not a local problem in its origin and cannot be grappled with effectively by local bodies which by their very nature cannot make use of large-scale constructive measures." The problem as he sees it is a national one in origin, and a national-provincial one in treatment. He also joins with Arthur Purvis in urging the divorcing of unemployment relief from local financing and administration, and points out that real economy cannot be effected until current expenditures are met out of current funds.

Need Public Honesty

Waste and inefficiency is also laid by a large group of contributors to a distortion of public conscience and lack of common honesty in public affairs. Strengthening of the moral fibre and the general attitude of citizens toward public affairs is deemed by many as fundamental to a real solution of the problem. Some observers place this as chief of all Canadian problems.

Great National Challenge

In conclusion, there is high challenge in the viewpoint of Sir Edward Beatty, who disagrees profoundly "with the unthinking statement that we must face a permanent condition of unemployment for a large proportion of our population in the future," and the warning of social worker Charlotte Whitton that "unemployment stands out as the arresting problem darkening the path of Canada's development today."

Miss Whitton believes recovery depends on courageous recognition of the long-term fundamental trend which has been running "almost unheeded in the sands" for three decades.

"We must cease," she says, "to be afraid of wise, long-range planning in the organization of agricultural and industrial production and processes, and must realize that it is only when they are inefficiently or inadequately organized that unemployment and dependency arising therefrom results."

Sir Edward concludes his refusal to treat our condition as permanent, by his credo that:

"We cannot afford to maintain any large number of our people in a condition of permanent inability to contribute to the national income. We have no moral right to create a system by which men, women and their children will be reduced not only to penury but to pauperism."

MADE PRESIDENT

S. C. HOLLAND

Who has just been elected president and managing director of both the Robert Mitchell Company, Ltd., and the Garth Company, Ltd.

Claude Neon Advertising Elects Three New Directors

From Our Own Correspondent

MONTREAL — Shareholders of Claude Neon General Advertising, at a routine annual general meeting, approved the report for 1935 and elected Hon. G. W. Scott, S. Godin, Jr., and M. A. Thomson to the board of directors.

Canadian Bronze Co. New Stock Listed on Board

From Our Own Correspondent

MONTREAL—Montreal Stock Exchange announces the new preferred stock of Canadian Bronze Co., amounting to 7,500 shares of the par value of $100 each has been admitted to trading. At the same time the old preferred stock was removed from the list.

Personal Attention to Every Client

Let us serve you
and your family.

Crown Trust Company
EXECUTORS TRUSTEES
FINANCIAL AGENTS

William I. Gear, *President.*
John Jenkins, *Vice-Pres.* Arthur Lyman, *Vice-Pres.*
Irving P. Rexford, *General Manager.*
393 St. James Street West - Montreal.

If smoothness appeals—
"EXPORT" CIGARETTES
—are irresistible.

Who Makes the Profits On Your Capital?

Millions of dollars that ought to be working for Canadian Manufacturers and Wholesalers are working for their debtors instead. If you expect to make profits in 1936 you must turn your capital over as rapidly as your line of business will permit. You have to eliminate your dangerous slow-paying accounts and speed up your collections.

A Credit Insurance Policy not only protects you against failures, bankruptcies, receiverships, but also covers delinquent accounts. All covered accounts filed within 60 days after falling due are payable as losses under the terms of the policy. Thus your capital is not tied up in long past due accounts.

Credit Insurance

For forty-three years we have written Credit Insurance exclusively. Each policy is planned to meet the exact needs of the applicant. Our policyholders say that adjustments are made in the spirit of fairness, without delay, and are entirely satisfactory.

Ask us to discuss the matter fully with you.

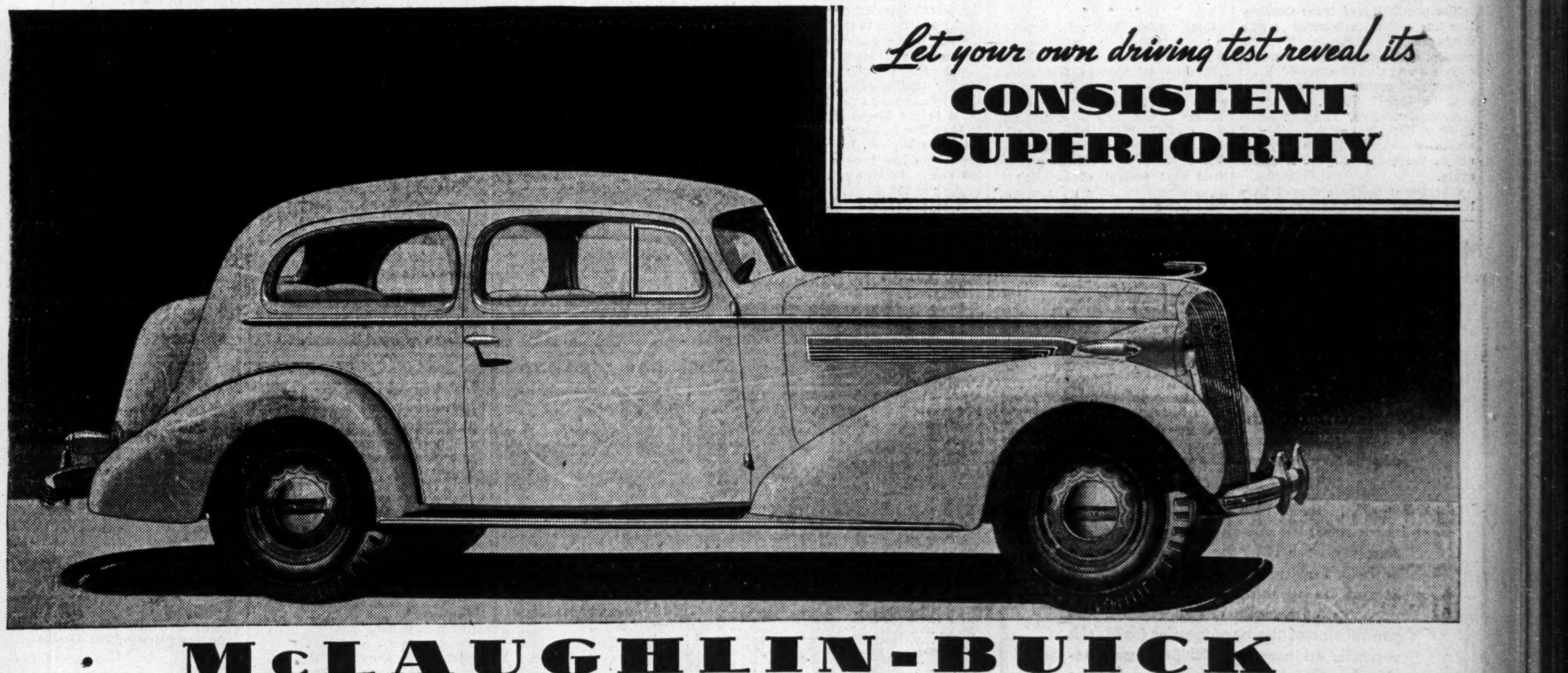
CANADIAN DIVISION
AMERICAN CREDIT
INDEMNITY COMPANY
of New York — J. F. McFadden, *President*

F. A. REID, *General Agent*
503 Canada Cement Building
Phone: LA. 3258-3259
MONTREAL, QUEBEC, CANADA

T. F. McOUAT, *General Agent*
34 Montreal Street
SHERBROOKE, QUEBEC, CANADA

C. A. MULLEN, *General Agent*
The Metropolitan Building
Phone: ELgin 9303
TORONTO 2, ONTARIO, CANADA

CREDIT INSURANCE EXCLUSIVELY SINCE 1893



McLAUGHLIN-BUICK

LOOK BACK over the 27 years of McLaughlin-Buick manufacture and you'll find many an outstanding example of this car's consistent leadership in pioneering the better things of motoring. . . . Four wheel brakes were first popularized by McLaughlin-Buick. So was the closed auto body. In recent times, it was McLaughlin-Buick that introduced Fisher No-Draft Ventilation—and the famed Knee-Action gliding ride. . . . ¶ Look at the new models for 1936, and you'll find still more up-to-date evidence of McLaughlin-Buick superiority. . . . ¶ The much-praised new Tiptoe Hydraulic Brakes, for example. And improved Anolite-pistoned Straight Eight Engines—which bring about higher power, higher compression, acceleration that literally "*zips*" you ahead, while actually lowering costs for gasoline and oil. . . . ¶ Of course, you'll also find much that is new and delightful about McLaughlin-Buick's modern Turret Top Fisher Bodies—increased head room and leg room, complete Safety glass equipment, and finer luxury. . . . ¶ But please accept our invitation to drive the car for yourself. Only then can you fully appreciate the consistent superiority in all things that keeps this car ahead of the others in its class in sales. Inquire about the greatly reduced 7% GMAC purchase plan.

$1233 *and up, delivered at factory, Oshawa, Ont. Fully equipped. Freight and government registration fee only extra.*
(Series 44 2-pass. coupe)

See, Drive and Compare the McLaughlin-Buick Models on Display at Your Local Dealer's Show-room

O'Keefe's
FINE BEVERAGES
Since 1846

Investment Trends

Irregularity in Stocks May Last Some Time

Anticipated Recovery From Recent Slump Leaves Analysts Cool — Investor Must Guard Against Loss of Proper Perspective

Irregularity of stock prices, tending to softness in more speculative issues, may run into July and possibly into August, according to professional investment men.

Now that stock markets are off from their peaks, it is more popular than heretofore to explain what's wrong with things. The fact remains, however, that recovery is at its peak in the United States and continues to make gradual progress in Canada.

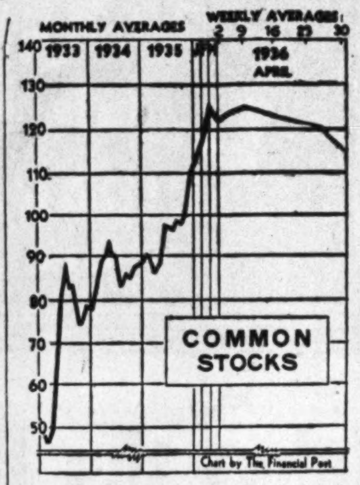
The Dominion budget emphasizes the necessity of improvement in Canadian public finance, especially to protect investment markets. Rectification of the ills of public finance is disappointingly gradual.

The U. S. Senate remains the only possible sabotageur for the ill-balanced corporation tax bill, which, in the long run, would be adverse to business.

Type of Market

STOCK market analysts are unimpressed by the recent rise from low points reached in the last week of April. A show of strength has been expected following the March-April slump. It is suggested by some analysts that partial liquidation of stock holdings may be advisable in anticipation of further set-backs before a broad upward trend is resumed. The type of stocks that are expected to be vulnerable to further weakness are those that had a large rise over the past year but which have failed to rise sharply on the recent strength.

The danger to the investor when stock prices are moving erratically as at present is that he may lose perspective. Recovery is continuing and although irregular softness in stocks may last for some time, the probability is that when the stock markets resume a definite trend later in the year it will again be upward.



PRICES LOWER

Common stock prices suffered a decline in the last week of April, as shown in the above graph of the Dominion Bureau index. The decline levelled off in the first week of May. Comparative indices appear on this page.

* * *

Financial Psychology

ALMOST every sharp set-back in stock markets generates more than normal gloom in financial quarters. And when prices are rising, rosy views are always obtainable in stock market circles.

It is hardly surprising that commentators who derided warnings of the coming recession are now explaining why it was inevitable. Stock dealers and margin traders, who thrive on rising prices, naturally are pessimistic when the source of their earnings disappears, or even becomes an avenue of losses.

The investor must be prepared for these irrational swings in psychology. In a declining trend, the investor who owns his securities outright, and who has income and some cash for investment, is not perturbed. He should await with patience culmination of the downward movement, as an opportunity to add to investments. Meanwhile, he can rest easy in the assurance that dividends are mostly being continued, or increased, that values should eventually come back, and that the proper use to be made of a recession is to purchase stocks on the best possible terms.

* * *

Franc, Europe

DEVALUATION of the franc has appeared inevitable for several years and is again discussed as a probability. It might mean weakness in stock and bond markets temporarily. French citizens who have invested abroad could take their money home at a profit.

The possibility of franc devaluation has brought a boomlet in gold mining shares. However, it is not certain, although it is possible, that such devaluation would bring higher gold prices in Great Britain and the United States. Except for individual "strikes," it appears that another boom in established gold stocks would hardly be justified unless the price of gold is raised again.

Investment markets abroad have been inclined to weakness. London, Paris and Amsterdam have had sinking spells and Polish, Italian and German bonds have been weak intermittently in New York. A lot of war scares and war talk can be expected to come out of Europe to unsettle security markets.

* * *

Budget

AS EXPECTED, higher taxation and reduced tariffs came out in the 1936 version of the Dunning budget. Textile companies are not favorably affected, and the tariff outlook for these firms is not promising since British manufacturers will seek further concessions before 1937 when the Empire agreements expire. Fine paper firms, such as Provincial Paper and Howard Smith, are affected by the drawback of 50 per cent on some bulk sales in Canada, although their protection remains higher than in 1929.

There appears to be some progress toward budget balancing even if it is only the plain statement of the huge deficits that are increasing government debt in Canada. Indefinite continuation of the deficits would mean eventual impoverishment for Canadians and a constant threat to the dollar and to bond prices. Partial loss of income in the form of higher taxation is widely accepted as unavoidable. The hope is that income will rise to make it less painful.

* * *

Construction contracts awarded in April totalled $9.8 millions compared with $10.3 millions in March and $11.4 millions in April, 1935, according to MacLean Building Reports. The total for the first four months is less than three per cent ahead of the 1935 figure, and with the season fairly well advanced, this appears to confirm expectations that revival of building in Canada will be only on a modest scale this year.

Power Production Sharply Expanding

• • •

Present consumption of electricity in Canada is the highest on record and is being reflected in an improved earnings position of many utility companies.

Total output of central stations for the first quarter of 1936 was 7% greater than the output for the first quarter of 1935, and 38% over that for the same period of 1930. In this increase, the subsidiary and affiliated companies of Power Corporation of Canada are sharing. Total production of these companies for March recorded an increase 12.25% over production for March of last year, and for the first quarter of 1936 showed an increase of 11.67% over the first quarter of 1935.

• • •

We recommend

WINNIPEG ELECTRIC COMPANY
4½% Bonds, due 1960, to yield about 4.30%

POWER CORPORATION OF CANADA
4½% Bonds, due 1959, to yield about 4.73%

NESBITT, THOMSON
AND COMPANY LIMITED
355 St. James Street West, Montreal

Branches in the principal cities of Canada

CHANGES IN C. P. R. LEGAL DEPARTMENT

W. H. CURLE, K.C. E. P. FLINTOFT, K.C. G. A. WALKER, K.C.

W. H. Curle, K.C., general counsel, Canadian Pacific Railway Company, retired under pension regulations May 1, Sir Edward Beatty, chairman and president, announces. He is succeeded by E. P. Flintoft, K.C., present general solicitor. George H. Walker, K.C., assistant general solicitor, will succeed Mr. Flintoft.

Mr. Curle practised law with Scott, Scott, Curle & Gleason in Ottawa, entering the railway service in 1908 in Winnipeg.

Mr. Flintoft is a graduate of Osgoode Hall, Toronto. He practised law in Waterloo before joining the Canadian Pacific as assistant to the solicitor in the law department at Montreal.

Mr. Walker joined the railway company at the age of 12, serving as an office boy in the solicitor's office at Toronto. He studied law at Osgoode Hall, and in 1911 became solicitor at Calgary.

Investment Notes

Power Corp.—One of the encouraging features of the gains in power consumption for companies in this group is improvement for Manitoba units, for Southern Canada Power, and continuation of Canada Northern's gains.

* * *

Dairy Corp. — Reconstruction of the corporate set-up as reported in The Financial Post last week appears to be the only way for investors in this holding company to rescue their stake. For those interested in the operating subsidiaries, the alternative appears to be for them to go directly into their own milk businesses, which might prove costly. The Winnipeg plant, for instance, requires considerable capital expenditure.

* * *

Brewing Corp. — Transfer of the listing from the curb to the listed section of the Toronto Stock Exchange merely signifies conformation with requirements of more extensive information for fully listed shares. Such transfers from the curb to the list have become almost automatic because the Dominion Companies Act now requires companies to expand information.

* * *

Bridge—Permission having been granted at Ottawa for completion of the bridge across the "first narrows" at Vancouver means $6 millions of business will be available to steel and construction firms, such as Dominion Bridge and Hamilton Bridge. Both of these companies are equipped to handle big jobs in the Pacific coast area.

* * *

Dominion Tar — Some continuity in orders for creosoted timbers for northern Ontario road work may come out of the province's agreement with the Dominion for construction of roads into northern mining areas.

* * *

International Nickel—Professional investment men suggest this is one of the most desirable securities to hedge for inflation or prosperity in the United States and Canada. Naturally, the decline of the shares from above 50 has made them appear more attractive to these analysts.

* * *

Officials Sellers—Sales of securities by officials of the scores of companies reporting to the U. S. Securities and Exchange Commission were noticeable in the March returns. Each month the Commission publishes regular routine reports of transactions by company executives. Among those in the March list of interest to Canadian investors were:

Canada Dry—R. W. Moore, president, who had been a buyer, sold 300 shares in March, reducing his holding to 700 shares.

C. P. R.—J. M. Wilson, elected a director nearly a year ago, bought 100 shares, bringing his total to 1,100.

Walker-G. & W.—H. O. C. Palmer bought 40 common and sold 40 preferred shares. L. M. McCarthy, director, sold 500 common and 100 preferred shares. H. C. Hatch, chairman of the board, held $22,000 of convertible 4¼ per cent debentures in February.

* * *

Industrial Acceptance — Earning power during 1936 should be better than in 1935, judging by automobile financing reported to the government. The largest part of Industrial Acceptance business is in financing automobiles and in the first quarter of 1935, there was an increase of 32 per cent in volume, and almost 28 per cent in amount, of automobile financing in Canada as compared with the corresponding period of 1935.

* * *

Traders Finance — Reduction of Ford car sales may mean a smaller volume of financing for this firm in 1936.

* * *

Dominion Coal—Following capital reorganization, the new preferred stock was on a semi-annual dividend basis. A number of shareholders favored quarterly payments. In compliance with this desire, the company has declared a quarterly dividend for the three months ended June 30. This policy likely will be followed regularly.

* * *

Invested fortune — Coalesced Co., family holding company of Andrew W. Mellon, Pittsburgh, owns major investments that form the bulk of the Mellon fortune of $97.6 millions at book value. The U. S. government claims the actual value of the fortune is over $200 millions. Mr. Mellon himself holds the preferred stock and his children the common of Coalesced Co. Among the larger items in the holding company's portfolio are: 122,904 shares of Aluminium Ltd. out of a total of 592,879 shares; 4,940 shares Shawinigan Water & Power; 1,500 shares Montreal Light, Heat & Power.

* * *

Canada Malting—Is not affected by reduction of British preferential tariff on malt products from three cents a pound to nil. The company produces only malt itself and not the various malt-products concerned.

* * *

Burns & Co.—The company plans to re-open its abattoir at Kamloops which had been closed down in 1932 after 22 years operation. The news is welcomed by stockmen of the area and is a reflection of increased volume in the packing business.

* * *

Ford of Canada—Favorable reaction of president Wallace R. Campbell to tariff changes in the Dominion budget raised the shares this week in expectation that another dividend may now be paid. American reports continue to show investment trusts as sellers of the shares in the last quarter of 1935 and first quarter this year. The buyers have apparently been individual Canadian and American investors.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Iron and steel 15	Pulp and paper 6	Milling 5	Oils 5	Textiles and clothing 11	Food and allied products 18	Beverages 9	Total industrials 89	Total utilities 23	Total co's. 112
1929-35:*										
High	388.9	113.4	273.4	423.5	113.5	197.8	205.4	317.6	166.0	232.6
Low	39.8	2.8	37.7	83.6	28.0	72.1	28.5	49.3	33.1	40.9
Monthly Figures, 1936:										
January	130.3	18.6	80.0	231.0	75.5	153.6	151.7	187.7	52.4	117.8
February	140.5	20.2	84.3	246.5	74.0	158.7	151.7	200.0	57.0	126.1
March	136.5	18.5	88.7	237.3	73.1	153.2	140.3	194.8	55.4	122.7
Weekly Figures, 1936:										
April 2	134.6	18.6	91.2	242.5	71.0	150.1	139.4	198.0	54.3	123.1
Apr. 9	137.7	18.6	93.2	254.5	71.8	151.5	134.2	202.6	54.7	125.5
Apr. 16	134.7	18.1	91.8	247.0	71.7	152.7	130.3	198.7	54.0	123.3
Apr. 23	130.8	17.4	90.3	241.6	71.8	151.4	126.5	193.8	53.0	120.4
Apr. 30	124.8	16.5	86.9	233.5	70.6	148.1	122.2	186.2	50.9	115.7

*High and low of years from 1929 to 1935 inclusive are based on weekly figures. Compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
May 5	128.06	134.28	128.41
May 4	127.56	131.44	127.48
May 2	126.28	131.11	127.91
May 1	127.42	132.85	128.41
Apr. 30	126.53	130.25	128.28
Apr. 29	126.59	130.93	128.56
Month ago	137.38	128.02	136.44
Year ago	104.51	114.25	95.46
High, 1936	143.48	135.81	144.33
Low, 1936	125.71	115.97	125.39

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
May 5	67.9	71.1	70.1
May 4	67.7	70.2	69.4
May 2	68.2	69.7	69.2
May 1	67.3	70.4	69.4
Apr. 30	67.2	69.9	69.0
Apr. 29	67.7	70.4	69.5
Month ago	71.6	76.0	74.5
Year ago	56.2	58.4	57.7
High, 1936	73.4	78.4	76.6
Low, 1936	67.2	69.7	69.0

Canadian Airways Record Wider Operations in 1935

From Our Own Correspondent

MONTREAL—Operations of Canadian Airways in 1935 were on a larger scale than in the preceding twelve months. The volume of mail carried at 817,678 pounds showed an increase of 73.1 per cent. The increase in schedule miles on postal routes amounted to 101.27 per cent. Express poundage at just under 5.3 million pounds shows a decrease of 8.5 per cent. Passengers carried totalled 14,540, a small decline owing to decreased activity in the mines. The Survey Department was more active during 1935 when a total of 67,743 square miles was photographed or sketched.

Wabasso Cotton Flayed By Que. Opposition Leader

From Our Own Correspondent

MONTREAL — Governmental intervention in the dispute between employees and the management of Wabasso Cotton Co., is asked by Maurice Duplessis, leader of the opposition in the legislative assembly and member for Three Rivers.

The situation, following the strike, had become intolerable, said the opposition leader, and the management was acting with tyranny. Had it not been that the workers at Three Rivers were peaceable people, the provocations given would have led to serious difficulties, said Mr. Duplessis.

Hotel's Move Halted Under Court's Order

Bondholders Secure Injunction Against Drummond St. Realty

MANY INVOLVED

From Our Own Correspondent

MONTREAL.—A plan to substitute mortgages on the Lasalle Hotel apparently threatened bondholders' rights, and the Superior Court has granted a temporary injunction restraining the Drummond Street Realty Corp., operators of the hotel, from proceeding with the plan until the matter is argued later before the Court.

The injunction was obtained by A. F. Byers and Co., holders of the 6½ per cent refunding mortgage bonds of the realty corporation. According to the plaintiff, originally the property was hypothecated to the extent of $625,000, of which $400,000 was held in escrow until the repayment of a $400,000 first mortgage on the property in favor of the Morgan Trust Co.; that on April 15, 1928, through an extraordinary resolution of the bondholders, the $400,000, held in escrow, was released to make repairs and the $625,000 became a second lien instead of a first mortgage as originally contemplated.

Subsequent to the passing of a resolution, the petition for injunction continued, the realty corporation acquired additional property and by second supplementary trust deed this property was mortgaged as further security for the repayment of the bonds, and a meeting called for November 18, 1935.

Claim Not All Told

The Byers Co. protested that the purposes of the meeting were not fully disclosed, nor the effect of the extraordinary resolution which it adopted made clear. The resolution gave authority to pay off the first mortgage to the Chartered Trust and Executor Co. as the assignee of the Morgan Trust, with accumulated interest, payment of which had been jointly assumed by Johnston and Ward, Ernest Savard Ltee., and Credit Canada Limited.

Mr. Justice Curran concurred in the belief the resolution would have for effect release of the personal responsibility for the mortgage on the part of Johnson and Ward and Ernest Savard Ltee., and that this would cause an "irreparable injury to the bondholders."

United Corporations To Pay 75c Dividend

Payment of 75 cents a share on class A stock of United Corporations Ltd., Montreal investment trust, has been declared. The dividend will be paid May 15 to shareholders of record May 1.

This is the second payment on the shares. The first was 50 cents a share on Nov. 15, 1935. The dividend is cumulative at the rate of $1.50 a share annually. Arrears totalled $4 a share at Feb. 15, 1936. If another payment of 75 cents a share were made in 1936, arrears would be held to $4 a share.

In 1935, earnings amounted to $1.09 a share on the A stock, leaving a surplus of 59 cents a share over the dividend paid. Even without much improvement in earnings, it would be possible to pay the full rate of $1.50 a share this year by drawing from earned surplus.

Fraser Cos.' Plan Meets Full Approval

From Our Own Correspondent

MONTREAL—Following approval of the capital reorganization plan of Fraser Companies by the bondholders, holders of the voting trust certificates and common stock gave a majority approval to the scheme.

Under the plan deferred interest liabilities on bonds and special bank loans will be liquidated through the issuance of additional common stock which will first be offered to the holders of common in the form of rights.

St. Jerome Protests Order Fixing Electricity Rates

From Our Own Correspondent

MONTREAL—Action of the Quebec Electricity Commission authorizing Gatineau Power Co. to continue giving light and power service to St. Jerome at the same rates as formerly, has been protested by the St. Jerome Council. The company's contract with the city ended last month and has not been renewed. The city had requested the commission to authorize that the service at fixed secondary rates be continued. An enquiry will be held on May 11.

A. M. Mitchell Made Mitchell Chairman

From Our Own Correspondent

MONTREAL—Allan M. Mitchell, formerly president of Robert Mitchell Co., has been elected to the new post of chairman of the board. He is succeeded as president and managing director by S. C. Holland.

The following are the other officers appointed: W. A. Merrill, K.C., first vice-president; J. P. Linton, second vice-president; H. S. McGee, comptroller; J. E. Beauvais, secretary-treasurer, and C. B. Macvicar, assistant secretary.

Saint John Dry Dock Experiences More Business

From Our Own Correspondent

MONTREAL — Saint John Dry Dock & Shipbuilding Co. is experiencing a busier season in its dry dock division. During the latter half of April the following ships went into dock for overhauling: Canadian National Prince Edward Island ferry, Canadian Pacific Bay of Fundy service steamer "Princess Helene," H. M. C. S. "Saguenay" and H.M.C.S. "Champlain."

Thompson Succeeds Flavelle on Board

MONTREAL. — At the annual meeting of the Canadian Marconi Co., J. H. Thompson was elected a director to fill the vacancy created by the resignation of Sir Joseph Flavelle. Other directors were re-elected.

C.P.R. Pays Off

Loan from Banks Liquidated With Proceeds of Issues

From Our Own Correspondent

MONTREAL. — Canadian Pacific Railway's short term loan with the Canadian chartered banks has been liquidated, and the Dominion Government's guarantee in connection therewith terminated.

Three years ago the C.P.R. arranged with the chartered banks for a loan of $60 millions, which sum was guaranteed by the Dominion Government. While the loan was for a period of five years, the company had the right to pay it off on three months notice.

Issue New Securities

With an improvement in financial markets, the company issued new securities to the public and with the proceeds reduced the loan to less than $37 millions. A few weeks ago the company carried out further financing and as a result the balance of the loan, $36,755,630, was paid off in full.

The bank loan originally carried an interest rate of 5 per cent, but later this was reduced to 4½ per cent. New loans raised by the company to pay this off were made at a still lower rate of interest.

Diversified Canadian Investments

Selection of securities from our May Review and Bond List enables a diversification of investments desirable in every portfolio. A selected list of Canadian Government, Municipal, Public Utility and Industrial bonds with a wide range of interest returns, is included.

The Booklet contains a summary of current Canadian conditions, the bond market and recent foreign developments. We shall be pleased to forward copy upon request.

Write for May Review and Bond List.

Wood, Gundy & Company Limited

Toronto
Montreal
Winnipeg
London, Eng.

36 King Street West
Toronto
TELEPHONE: ELGIN 4321

Ottawa
Hamilton
Vancouver
London, Ont.

Company Earnings Reports

Dominion Gas & Electric

Dominion Gas & Electric Co. and subsidiary companies in Western Canada had larger gross and net operating revenues in 1935. Net profit was nearly four times as great, changing a previous earned surplus of $95,719 to one of $365,674.

The company had also at the end of 1934 a capital surplus of $1.4 millions, including the capital surplus of a subsidiary. On November 12, 1935, stockholders (which means International Utilities Corp.) created a further capital surplus of $2.6 millions by reducing the stated value of common stock to $1 par value per share. Capital surplus is therefore now nearly $4 millions.

Dominion Gas & Electric Co. 6½ per cent series collateral trust bonds due July 1, 1945, were reduced during the year to $3.9 millions as a result of the refunding operations of Northwestern Utilities and Canadian Utilities. The former bonds were held as collateral but the new bonds have been sold to the public which enabled Dominion Gas to reduce its bonds. Total bonded indebtedness of all three companies now stands at $8.9 millions, including $2.4 millions for Northwestern Utilities and $2.6 millions for Canadian Utilities.

The United States income tax return of the company does not disclose any tax liability, it is stated.

Consol. Income and Surplus Account
Years Ended December 31

	1935 $	1934 $
Oper. revenues:		
Gas	3,189,589	2,744,712
Electricity	1,054,570	998,117
	4,244,159	3,742,829
Less oper. expenses:		
Operations	1,800,196	1,609,566
Maintenance	328,424	239,680
Taxes*	322,496	317,835
Prov. for bad debts	27,467	24,645
	2,478,583	2,191,726
Net oper. income	1,765,576	1,551,103
Add: Non-op. income	30,135	54,264
Net earnings	1,795,711	1,605,367
Less: Deprec. & amort.	519,730	509,547
	1,275,981	1,095,820
Prior chgs. of subs.:		
Int. on funded debt	181,647	173,494
Int. on unfund. debt	41,469	40,237
Prov. for inc. taxes	156,006	115,368
W/o prem. on bonds repurch. for s. f.	......	▲9,786
Amort. of debt. disc.	26,226	......
Pref. divds.	221,544	229,231
Earns. applic. to min. int. in com. stocks	16,694	5,922
	643,586	574,038
	632,395	521,782
Less: Int. on coll. tr. bonds	413,223	448,678
Int. on unfund. debt	16,050	17,303
Loss on Can. exch.	2,145	......
Net profit	200,976	55,801
Add: Prev. surplus	95,719	*158,291
Reversal of charge	72,376	......
Adj. for amorti.	22,129	......
Misc. credits	7,944	......
Adj. of min. int.	2,066	......
Def. of sub. sold during year	......	1,998
Cancel. for lease rentals	......	31,191
Less: Adj. of tax res.	13,611	......
Loss on prop. sold	6,925	......
Prov. for legal exp.	15,000	......
W/o indebt. note rec.	......	16,318
Unamort. prem. on bonds	......	22,904
Deprec. of equip.	......	10,269
	365,674	*118,792
Less: Approp. of surp. of subs. for red. of pref. stock	......	280,854
Add: Adj. of surplus	......	66,343
Consol ear. surp. fwd.	365,674	95,719

▲Including amortization of debt discount and expense. *Loss or deficit. °Excluding income taxes.

Working Capital

	1935 $	1934 $
Current assets	1,565,433	2,911,120
Current liabilities	1,062,049	3,066,420
Working capital	503,384	†155,300
Ratio	1.47—1	0.95—1

†Excess of current liabilities over current assets.

Standard Steel

Earnings of Standard Steel Construction Co. Ltd., Port Dalhousie, Ont., increased by over $10,000 in 1935, net profit for the year amounting to $18,698.

Working capital shows an improvement of over $40,000, current assets exceeding current liabilities by $297,078 on Dec. 31 last.

Comparative figures of income and surplus account are given below:

Income and Surplus Account
Years Ended December 31

	1935 $	1934 $
Profit from oper.	61,927	51,901
Income from inv.	946	......
	60,981	51,901
Less: Bad debts	......	8,619
Depreciation	31,437	35,212
Salaries of exec.	7,128	......
Legal expense	718	......
Prov. for taxes	3,000	......
Net earnings	18,698	8,070
Less: Ont. corp. tax	......	709
Life ins. prem.	......	3,118
Net profit	18,698	4,243
Add: Prev. surplus	238,091	231,609
Life ins. adj., c.s.v.	......	2,238
Profit on secs.	536	......
Less: Inc. & corp. tax (1934)	1,954	......
Loss on assets	3,883	......
Life ins., c.s.v.	773	......
Surplus forward	250,715	238,091

*Deficit.

Working Capital

	1935 $	1934 $
Current assets	317,299	292,636
Current liabilities	20,221	36,362
Working capital	297,078	256,274
Ratio	15.69—1	8.05—1

Price Bros. & Co.

Price Bros. & Co. in bankruptcy reports practically no change in net revenue for the year ended March 31, 1936, as compared with the preceding twelve months. After providing for senior charges, there was available $534,320 to take care of bond interest and depreciation. In the previous year the net balance was $555,549.

Particulars of the income account for the last two years follow:

Income and Surplus Account
Years Ended March 31

	1936 $	1935 $
Operating profit	675,110	681,952
Dividends received	47,024	51,406
Misc. income	12,900	5,129
Total revenue	735,035	738,487
Less: Bank interest	162,807	137,267
Misc. interest	22,906	2,377
Bad debt res.	15,000	43,393
Balance	534,320	555,549
Less: Bond interest, deprec., etc.	2,129,946	2,130,452
Deficit	1,595,625	1,574,902

The receiver's report also covers charges accrued on bond interest, claims, various expenses, including trust company, liquidator-trustee, committees, underwriters, present bank loan, etc. These follow:

	$
Accrued interest	2,876,000
Unsecured creditors	2,871,000
Old underwriters	100,000
Present underwriters	50,000
Montreal Trust Co.	107,500
Liquidator—est.	125,000
Committees:	
Price Realty	5,000
Preferred	25,000
Common	5,000
Bond holders	425,000
Total	6,589,516
Bank loans	3,733,000
	10,332,516

Inter-City Western

Net revenue of Inter-City Western Bakeries Ltd. amounted to $78,986 in the fiscal year ended February 1, 1936. This is in contrast to $58,947 in the preceding year. After all charges there was a deficit for the year of $94,763, a reduction of about $25,000 as compared with 1935.

The balance sheet indicates a strengthening, especially with regard to liquid assets.

Cumulated liability on bond interest as at February 1 last amounted to $308,076. With the release of the report, notice was given to bondholders that the half-year's interest due May 1, 1933, will be paid on and after May 1, 1936.

Income and Surplus Account
Years Ended Feb. 1

	1936 $	1935 $
Operating profit	84,336	......
Less: Exec. salaries	5,350	......
Net revenue	78,986	58,947
Less: Bond interest	94,653	96,473
Depreciation	50,000	50,000
Bad debts	12,347	17,689
Administration	7,120	10,273
Com. expenses	2,000	5,002
Enquiry costs	4,000	......
Carrying charges	3,629	......
Loss for year	94,763	120,490
Previous deficit	494,507	374,016
Deficit forward	589,270	494,507

Working Capital

	1936 $	1935 $
Current assets	228,515	191,438
Current liabs.	49,387	45,839
Working capital	179,128	145,599

Canadian Utilities

As Canadian Utilities was merged during 1935 with Union Power Co., figures of the 1935 annual financial statement are not comparable with those of 1934.

If the gross income of Union Power Co. had been included from the first 8 months the gross revenue for 1935 would have been $1.1 millions instead of $844,428 as shown. The total operating income would have been $297,791 instead of the $237,884 as shown in the statement.

During the year bonded indebtedness was refunded by the issue of $2,450,000 5 per cent 20-year first mortgage bonds. Expiring franchises in 1935 were renewed.

Profit and Loss Account
Year Ended Dec. 31

	1935 $
Sales of power	844,428
Less: Expenses	392,044
Officers' salaries	11,376
Gen. adminis. exp.	60,623
Management fees	7,788
Taxes	59,488
Prov. for bad debts	3,880
Directors' fees	500
Legal fees	1,764
Net operating income	306,965
Add: Misc. income	20,828
Gross income	327,793
Less: Int. on debs. & bonds	156,184
Int. on adv. & bank loans	70,250
Int. on consumers' dep.	2,341
Exchange premium	361
W/o expenses*	600
Depreciation	69,080
Net income	28,976
Less: Dividend	10,500
	18,476
Deficit as at Dec. 31, 1934	383,325
Add: Adjust. prior periods	3,195
Losses on properties sold	6,925
	374,969
Less: Def. as at Aug., 1935, trans. to cap. surplus	415,051
Earned surplus	40,081

Working Capital

	1935 $
Current assets	367,015
Current liabilities	156,190
Working capital	210,825
Ratio	2.35—1

Morrison Brass Corp.

Morrison Brass Corp., Toronto, owning and operating the James Morrison Brass Manufacturing Co., reports a small operating profit for 1935 before bond interest. This is the first time in five years that the company has shown even an operating profit.

While sales of the company's products increased over 1934, the price situation was far from satisfactory, J. L. McSweeney, president, reports.

Although no provision was made for sinking fund on the company's first mortgage bonds and the 1934 provision was reversed, little improvement is shown in the company's working capital position.

Mortgages payable amount to $104,750 and first mortgage bonds outstanding to $101,000.

Deficit Account
Years Ended Dec. 31

	1935 $	1934 $
Operating profit	301	*2,138
Less: Bond interest	7,575	7,575
Write-offs	544	19,529
Prov. taxes	......	2,986
Sink. fund provision	......	10,500
Deficit for year	7,818	33,729
Add: Prev. deficit	97,312	63,583
1934 s. f. prov. reversed	10,500	......
Deficit carried forward	94,629	97,312

*Loss.

Working Capital
As at Dec. 31

	1935 $	1934 $
Current assets	542,703	513,511
Current liabilities	533,697	505,275
Working capital	9,006	8,236

Canadian Airways

Canadian Airways Ltd. reports an operating profit before depreciation of $35,453 in 1935. This compares with $43,668 in the previous year. Net loss after all charges was $132,590.

The balance sheet reflects a falling off in working capital, due to the purchase of new equipment in 1935. The company bought nine aircraft and thirteen engines at a cost of nearly $200,000. The fleet value, however, shows little change as the cost of nine aircraft and ten engines, which have been retired from service was written off.

Income and Surplus Account
Years Ended December 31

	1935 $	1934 $
Operating revenue	865,972	881,536
Other income	1,725	2,874
Total revenue	867,697	884,410
Less: Expenses	830,518	837,867
Depreciation	169,036	214,197
Taxes	732	......
Net loss for year	132,590	167,654
Previous deficit	1,070,551	1,398,691
Less: Adjustments	......	495,794
Deficit forward	1,203,142	1,070,551

Working Capital

	1935 $	1934 $
Current assets	295,903	397,857
Current liabs.	75,381	55,800
Working capital	220,522	341,357

Goderich Elevator

Marked improvement in earnings of Goderich Elevator and Transit Co. is shown by the annual report for the year ended March 31, 1936, net profit amounting to 83 cents a share on the common stock as against 15 cents in the previous year. The results were the best since 1932 when $1.04 a share was earned.

Income and Surplus Account
Years Ended March 31

	1936 $	1935 $
Total income	177,677	144,562
Less: Oper. exps.	41,326	45,043
Adm. exps., incl. dir. fees	20,886	21,184
Net earnings	113,465	78,335
Less: Depreciation	28,300	55,677
Federal income tax	12,000	3,662
Int., taxes, etc.	5,441	6,326
Net profit	69,724	12,670
Less appropriations: Dividends	42,003	42,003
Surplus for year	27,721	*29,333
Add: Prev. surplus	76,617	105,950
Less: Tax adj.	3,503	......
Balance forward	100,835	76,617

*Deficit.

Orders Executed on all Canadian Exchanges

Montreal, Toronto and Vancouver stock exchange business promptly executed and reported. Also private wire connections with New York.

Greenshields & Co
Members Montreal Stock Exchange
Montreal Curb Market
507 Place d'Armes, Montreal
TORONTO OTTAWA QUEBEC
SHERBROOKE

Bond Markets

Bond Prices Show Upward Tendency

With Western Provincial Crisis Averted, Market Develops Improved Sentiment — New Brunswick to Balance Budget

Reflecting improved sentiment as regards the Canadian financial situation, federal and provincial, the market for government bonds has developed a better tone. While prices are again showing an upward tendency, trading continues quiet.

The huge deficit reported by the Dominion government for 1935-36 failed to have a depressing effect on Dominion bonds. This was largely due to the fact that the budget also carried the assurance that an immediate approach will be made to a balanced budget.

Alteration in the loan council set-up is not regarded as important since any province operating under the scheme which makes an offering not approved by the loan council is unlikely to find a ready reception for the issue.

It is understood New Brunswick will be able to balance its budget for one year at least because of succession duties from a large estate.

The New Brunswick legislature has authorized an issue of $6 millions of debentures, $2.7 millions of which is to be used to meet a maturity on June 15.

Nova Scotia contemplates $12.5 millions of financing in the current year, $4.8 millions of which is for refunding purposes.

Disturbances Disappear

MAJOR disturbances to Canadian bond markets appear to be past for the present.

Danger of default by Saskatchewan no longer exists since that province has asked for a loan council. Funds to meet the May 1 maturity were obtained from the Bank of Canada.

While British Columbia remains opposed to the loan council scheme, it will be able to meet its obligations for the present at least. Funds for the maturity on May 15 are on hand. The only other obligation due this year is a small serial maturity in June, which the province should have no difficulty in meeting.

On the whole the bond market has taken the western provincial crisis very well. If the British Columbia and Saskatchewan situations and the Alberta default had occurred a year ago, there would have been a marked decline in other bond prices, such as occurred in connection with the Vancouver and Ontario Hydro contract episodes.

The market has to some extent become immune to shocks. The Alberta default and the possibility of similar action in two other provinces has had practically no effect on high grade bonds. No selling has developed from foreign sources.

* * *

Municipal Situation

THE municipal picture continues far from bright.

Calgary, in approving its 1936 budget, provided for reduction in interest on its bonds to three per cent. It is possible that forced conversion will be undertaken.

While no definite decision has been reached, Moose Jaw has been discussing a proposal for investigation of the city's financial position by the Saskatchewan Local Government Board with a view to at least a temporary cut in interest rates on its debt.

Vancouver and Montreal also have hopes of refunding their bonded indebtedness at a lower rate.

Another disturbing factor is the cut in relief grants by the Dominion government. It is possible this will prove a set-back to the prospects of improvement in the finances of some defaulted municipalities since the relief load will be heavier. The city of St. Boniface, Man., for instance, has notified the provincial government that it will be unable to carry the extra load.

It is also probable that municipalities which are already in a strained financial position will find it increasingly difficult to stave off default.

* * *

Market Trends

WITH the Alberta situation unchanged, bonds of that province have weakened further, easing off one point.

Other western provincial bonds have strengthened, gaining from one to three points.

Industrial issues have been erratic, with a slight tendency to softness. It is possible this situation will continue until recent refunding issues are fully absorbed. Changes for the most part have been fractional although Massey Harris eased off a point on news of tariff reductions on farm implements. C. P. R. issues have also declined slightly.

Public Utility Earnings

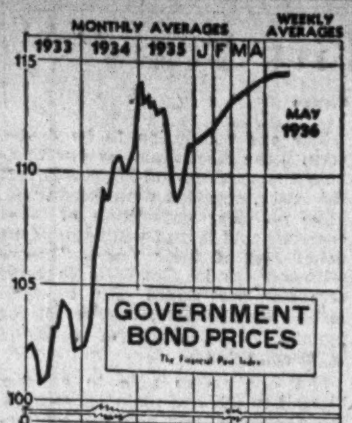
Jamaica Public Service

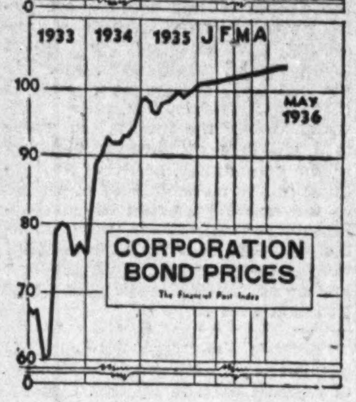
March:	1936 $	1935 $
Gross earnings	74,751	70,968
Net earnings	27,794	29,462
Surplus after charges	19,087	20,115
12 months end. March 31:		
Gross earnings	869,793	832,155
Net earnings	353,606	336,995
Surplus after charges	249,839	230,607

Barcelona Traction

March:	1936 Pesetas	1935 Pesetas	% Incr.
Gross earns.	10,650,831	10,305,039	3.36
Oper. exps.	3,760,478	4,027,744	*6.64
Net earns.	6,890,353	6,277,295	9.77
Three months end. March 31:			
Gross earns.	33,588,146	32,869,146	2.19
Oper. exps.	11,362,677	11,728,999	*3.12
Net earns.	22,225,469	21,140,147	5.13

*Decrease.





TREND FRACTIONAL

The trend of the high grade government bond market is indicated as follows:

The Financial Post Average Yield and Price for High Grade Government Bonds

1936	Yield %	Price $	1935	Yield %	Price $
May 5	3.296	114.49	May 4	3.489	113.37
May 4	3.296	114.49	May 3	3.494	113.32
May 2	3.296	114.49	May 2	3.491	113.33
May 1	3.300	114.45	May 1	3.481	113.44
Apr. 30	3.300	114.45	Apr. 30	3.456	113.74
Apr. 29	3.300	114.45	Apr. 29	3.467	113.64
Apr. 28	3,307	114.43	Apr. 27	3.470	113.62

Bond Redemptions

Bond Issues:	Rate	Year	Date	Price
Ontario Steel	6%	1943	July 1	110
Robt. Simpson	5%	1952	July 1	105
Imperial Realty.	6%	1945	July 1	102
Catholic Epis. Corp. Timiskaming†	5½	1932-56	July 2	101
B. A. Oil	5%	1945	May 29	103
Dom. Canners	6%	1940	Oct. 1	110
Can. Realty	6%	Serial	June 1	105
Saguenay Pr.	6%	1966	July 1	104½
Can. Canners	6%	1950	July 2	105
St. Law. Flour.	6%	1941	July 1	110
Maple L. Asbestos	7%	1944	June 1	102
Digby Gen. Hospital	6%	....	June 1	101
Nat. L. & Pr.	*6%	1949	May 12	...
Famous Players	6%	1948	July 1	103
Do.,	6½%	1948	July 1	103
Inter. C. Baking	‡5½%	1948	July 1	103½
Do.,	•5½%	1948	July 1	103½
Credit Foncier Franco-Can.	■4½%	....	July 1	...
Aluminium	§5%	1948	July 1	105

† $65,000.
*Tenders called for $22,150. §$300,746.
‡$36,000 for sinking fund purposes.
•$164,000 called under redemption provisions. ■In part.

Religious Issues

Soeurs des Saints Noms de Jésus et Marie ($250,000), 1940 à 1946, 4½%, May 15.†

Synd. Paroisse Saint-Pierre du Lac, Val-Brillant, 5%, June 1.■

Religieux Ste. Croix, $485,000, 5½%, June 1.†

Diocese of Alexandria, émission $37,000, échéance 1936 à 1951, 5½%, June 1.*

Dominic. ou Frères Prêcheurs, Montréal, émission $85,000, 1934, 5%, June 1.†

Sisters of Charity, Qué., 5%, July 1.*

Fab. Sainte-Thérèse de Blainville, émission juillet 1925, 5%, July 1.*

Pères Eudistes, de la Province de Qué., émission $130,000, 5%, July 1.†

Sisters of Charity of Saint-Louis, Bienville 5½%, July 1.†

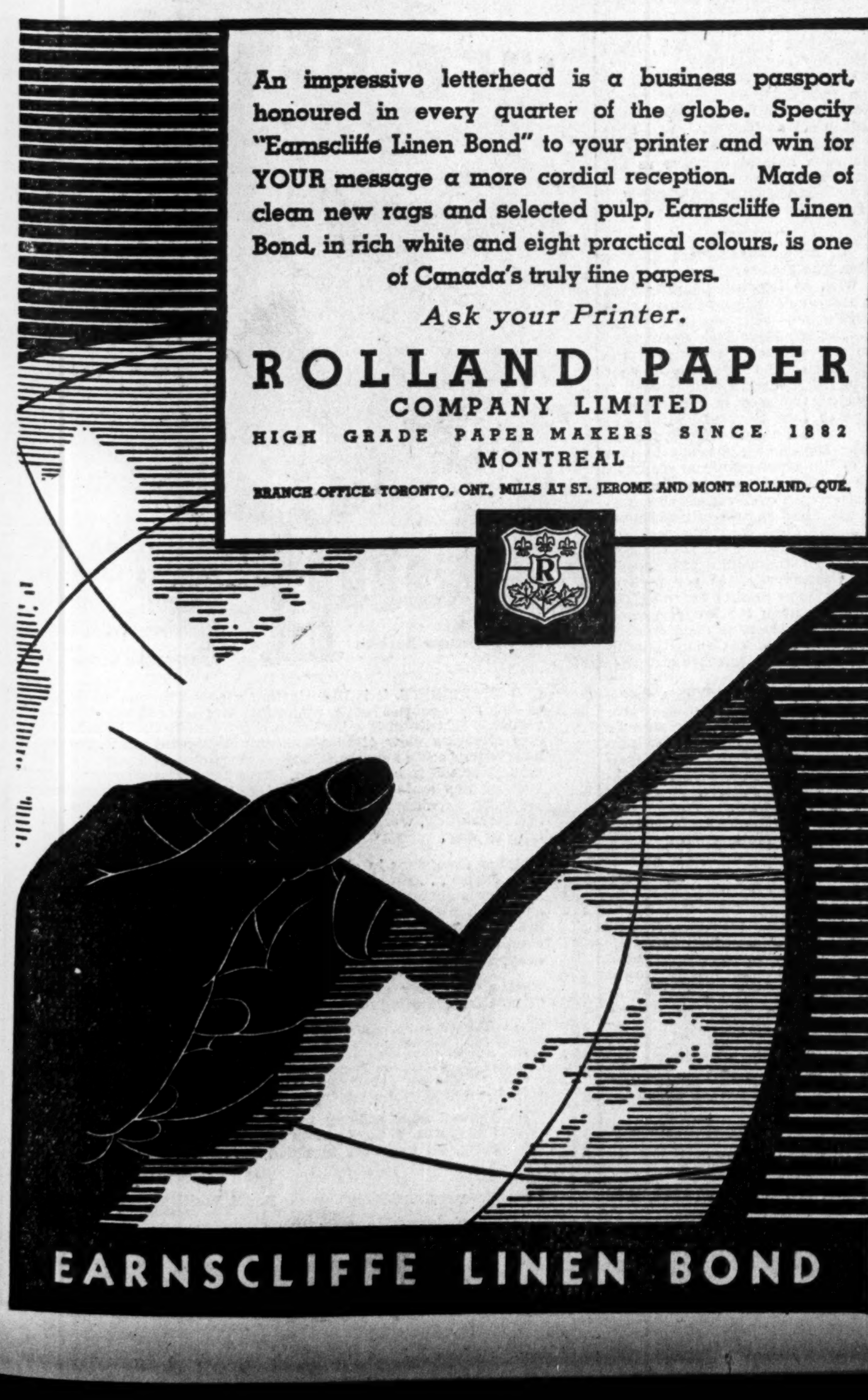
Fab. Saint-Jean Damascène, Montréal, émission 1930, $85,000, 5½%, July 1.▲

Diocese of Timiskaming, émission $65,000, 5½%, 1932-56, July 1.†

Notre D. Hospital, Montréal, 5½%, Oct. 1.▲

Le College de Notre D. Cote des Neiges, 5½%, 1936-52, June 1.†

*Price 100; ▲102; †101; ■100½.



An impressive letterhead is a business passport, honoured in every quarter of the globe. Specify "Earnscliffe Linen Bond" to your printer and win for YOUR message a more cordial reception. Made of clean new rags and selected pulp, Earnscliffe Linen Bond, in rich white and eight practical colours, is one of Canada's truly fine papers.

Ask your Printer.

ROLLAND PAPER
COMPANY LIMITED
HIGH GRADE PAPER MAKERS SINCE 1882
MONTREAL
BRANCH OFFICE: TORONTO, ONT. MILLS AT ST. JEROME AND MONT ROLLAND, QUE.

EARNSCLIFFE LINEN BOND

Beauharnois Body Elects Committee

Collateral Bondholders Fail to Secure Quorum at Meeting

From Our Own Correspondent

MONTREAL.—Holders of the first mortgage bonds of Beauharnois Light, Heat & Power Co. have elected a committee of five members to investigate and take such action as deemed necessary in the situation created for the company as a result of the cancellation of the company's power contracts with the Ontario Hydro Commission.

The committee named is composed of the following: S. G. Dixon, K.C., Montreal; Col. H. D. L. Gordon, Toronto; John F. Wilkes, S. Godin, Jr., and Wilbert Howard, K.C., Montreal. It is understood that Col. Gordon does not intend to remain on the committee.

R. A. C. Henry, general manager, told the bondholders at the meeting that there was at the moment no market for power in the United States.

Fail to Get Quorum

Failure to secure a quorum caused postponement until June 25 of a meeting of the holders of the collateral trust 5 per cent bonds of Beauharnois Power Corp. Represented at the meeting were $5.8 millions out of a total of $36 millions bonds outstanding.

Famous Players Floating Issue

$7.1 Millions Issue Offered on 3, 3½ and 4⅝ p.c. Basis

A syndicate headed by Wood, Gundy & Co. and W. C. Pitfield & Co. is offering $7.1 millions of Famous Players Canadian Corp. serial 3 per cent, 3½ per cent and 15-year 4½ per cent bonds. The serial bonds are offered at par and the 4½ per cent bonds at 98.50 to yield 4⅝ per cent by maturity June 1, 1951.

The proceeds of the issue to the company will be $6,829,000 on the basis of the whole offering being taken up and paid for. The company will use $1.1 millions of additional liquid resources as of Dec. 31, 1935, to accomplish the redemption on July 1, 1936 of its outstanding $4.9 millions of 6 per cent 1st mortgage bonds and $2.7 millions of 6½ per cent debentures. By exercise of its usual redemption power through current earnings until July 1, 1936, it is expected that only $500,000 will be needed on that date.

FAMOUS PLAYERS CAN. CORP.
$7,100,000

First mortgage bonds series A; $2.1 millions serial 3% and 3½% bonds; $5 millions 15-year 4½% bonds; serial bonds offered at par to mature June 1, 1937-1942 in equal amounts of $350,000, first the 3%, then the 3½% bonds; all bonds dated June 1, 1936, the 15-year bonds offered at 98½ to yield 4⅝% to maturity on Dec. 1, 1951.

Redeemable. On 45 days notice at 100½ for 1937, 1938 and 1939 maturities, at 101 for 1940, 1941 and 1942 maturities; for 1951 maturity at 103 to 1941, at 102 to 1946, at 101 thereafter.

Sinking fund. $200,000 annualy from June 1, 1943, on 1951 maturity bonds.

Company. Owns, leases or controls 122 motion picture theatres. Has 50 per cent interest and operating agreements in 83 other theatres. Has substantial interest in United Amusement Corp. which controls 21 theatres in Quebec.

Security. 1st mtge. and charge on $8.2 millions net fixed assets and on $4.2 millions shareholdings in other theatres and investments of $276,300, making a total of $12.7 millions, and floating charge on $498,016 assets.

Earnings. In lowest year of depression, 1933, were $1.2 millions, more than enough for bond interest and depreciation. Recovered since to $1.5 millions. Maximum interest requirements $293,250 on new bonds.

Purpose. To redeem $4.9 milions 6% 1st mtge. bonds and $2.7 millions 6½% debs. on July 1, 1936. Proceeds of issue $6.8 millions leaving $1.1 millions to be be paid from company's funds.

Authorized amount of new bond issue $10 millions. Balance of $2.9 millions to be issuable for company's capital purposes if needed later. Option given 5 officers of company to buy 10,000 common shares in July of 1937, 1938, 1939, 1940 and 1941 or 50,000 shares in all, at $13, $14, $15, $16 and $17 a share respectively.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass, pf.	$1.75	July 2	June 15
Borden Co., c.	40c	June 1	May 15
Bk. Can. Nation.	$2	June 1	May 15
Belding Cort., pf.	$1.75	July 2	June 15
Do., com.	$1	July 2	June 15
Bk. of Toronto	$2.50	June 1	May 15
Bunker Hill	50+25c	June 1	May 15
Bank of Montreal	$2	June 1	Apr. 30
Beattie Gold	5c	June 1	May 15
Buffalo Ankerite	5c	May 15	May 1
Cosmos Imp.	20c	May 15	....
Celanese of Am. pr. pf.	$1.75	July 1	June 6
Do., part. pf.	$3.50	June 30	June 16
Cosmos Imp. p. new	$1.25	July 15	....
Can. Bk. of Comm.	$2	June 1	Apr. 30
Can. Converters	50c	May 15	Apr. 30
Crown Cork	20c	May 15	May 1
Can. Vinegars	30c	June 1	May 15
Canadian Oil, c.	12½c	May 15	May 1
Do., pref.	$2	July 1	June 20
Confederation Life	$1	June 30	June 25
Cons. Div. Std. Sec. pf.	25c	June 15	June 1
Dome Mines	50c	July 20	June 30
Do., extra	50c	July 20	June 30
Dom. Bridge	30c	May 15	Apr. 30
Dom. Coal, pf.	38c	July 1	June 15
Gurd, pref.	$1.75	May 15	May 1
Hecla Mining	15c	May 25	Apr. 25
Hollinger Gold	5c+5c	May 19	May 4
Inter. Nickel, c.	30c	June 30	June 2
Italo-Argent. El.	▲4 pesos	Apr. 30	
Kelvinator, pf.	$1.75	May 15	May 4
L. of Wood Mill. pf.	$1.75	June 1	May 15
Loblaw Groc., A	25c	June 1	May 12
Do., B	25c	June 1	May 12
McIntyre Porc.	50c	June 1	May 1
McColl-Fron., c.	20c	June 15	May 15
McKinley Mines	2½c	June 1	May 15
McKenzie R. L.	‡3c	June 15	June 1
N. S. L. & Pr. pf.	$1.50	June 1	May 15
Nat. Biscuit, pf.	$1.75	May 29	May 12
Do., com.	40c	July 15	June 17
Penmans	75c	May 15	May 5
Ont. Tobacco, pfd.	$3	May 15	May 1
Rolland Pap., pf.	$1.50	June 1	May 15
Quebec Power	25c	May 15	Apr. 24
Royal Bank	$2	June 1	Apr. 30
Shawinigan W. & P.	15c	May 15	Apr. 24
South. Can. Pwr., c.	20c	May 15	Apr. 20
Toburn Gold	2c	May 21	Apr. 21
Union Gas	†10c	June 15	May 26
United Corp., A	75c	May 15	May 1
Ventures	‡2½c	July 2	June 15
Zellers, pfd.	$1.50	May 15	Apr. 30

‡Interim. ‡Initial. ▲Less 5% Argentine tax.

Classified Advertisements

Classified ads cost 4c. per word and figure for each insertion. Minimum ad, $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads payable in advance.

Agencies Wanted

ADVERTISER WOULD LIKE TO establish connections with any bona-fide businesses who could use a clearing office or agency in Prince Albert, Sask. A-1 references or bond could be furnished, if necessary. Write Box 322, The Financial Post, Toronto.

Bond Sales

Treasury Bills

The Bank of Canada has announced the sale of $30 millions of treasury bills, maturing August 1, 1936. The bills were sold at an average discount price of 99.76856, which gives an average cost to the government of .920 per cent. This represents a slight increase in cost over the previous issue. Sales of treasury bills in recent months have been as follows:

Amount $	Date	Price $	Cost Basis %
30,000,000	May 1	99.76856	0.920
25,000,000	Apr. 15	99.78138	0.879
25,000,000	Apr. 1	99.76701	0.927
20,000,000	Feb. 15	99.74044	1.0554
30,000,000	Feb. 1	99.73136	1.0924
25,000,000	Jan. 15	99.71	1.159

Village of Forest Hill

The village of Forest Hill, Ont., has sold $112,000 of 3½ per cent bonds, due in 20 annual installments, to the Dominion Securities Corp. at a price of $101,515. This gives an average cost basis to the municipality of 3.33 per cent. The proceeds of the issue are to be used for the erection of a new preparatory school and for improvement of the grounds of the present public school. Bids were as follows:

	Bids
Dominion Securities Corp.	101.515
Harrison & Co.	100.17
Griffis, Fairclough & Norsworthy	100.00
Dyment, Anderson & Co.	99.882
C. H. Burgess & Co.	97.07

Asbestos Unit Retiring Bonds

Maple Leaf Asbestos Calls Outstanding Bonds on June 1

From Our Own Correspondent

MONTREAL.—Maple Leaf Asbestos Corp., subsidiary of Asbestos Corp., has called for redemption June 1 next all of its outstanding 7 per cent closed first mortgage bonds at 102 and accrued interest. Payment will be made in either Canadian or American funds. The amount of this issue outstanding, as last reported, is $125,900.

This redemption is in line with Asbestos Corp.'s policy of simplifying its capital structure. Last year the company called in all of the outstanding bonds issued by Asbestos Corp. of Canada, amounting to $164,400. In addition the company recently applied $37,700 to the redemption of Thetford Vimy Ltd. bonds, reducing that company's bonded debt to around $325,000.

After the June redemption of the Maple Leaf Asbestos bonds, the underlying funded debt of Asbestos Corp. will amount to approximately $325,000, as compared with $457,879 outstanding at the end of 1935.

We Offer:
$100,000
CANADIAN PACIFIC RAILWAY CO.
3% CONVERTIBLE COLLATERAL TRUST BONDS
MATURING OCT. 1, 1945
PAYABLE IN THE PRINCIPAL CITIES OF CANADA, CONVERTIBLE FROM APRIL 1, 1937 TO APRIL 1, 1944 IN THE RATIO OF 4 SHARES OF COMMON STOCK OF A PAR VALUE OF $25.00 TO EACH $100.00 PRINCIPAL AMOUNT OF BONDS.
PRICE 94.44 AND INTEREST TO YIELD 3.70%

BELL, GOUINLOCK & CO.
LIMITED
MONTREAL 25 KING STREET WEST WINNIPEG
TORONTO, CANADA
TELEPHONE: ELGIN 2236

Winnipeg Building

Winnipeg's building permits for 1935 exceeded those of 1934 by $330,000. The custom collections were up $722,500; post office revenue up $129,285.

CANADIAN
FUND

Prospectus and annual report of Canadian Investment Fund, Ltd., obtainable from your own investment dealer.

CALVIN BULLOCK, LTD.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
St. Thomas	May..	Imperial Bank	3%	1-yr.	$750	100	3%
Sydney Mines, N.S.	Apr...	Locally	5%	20-yr.	50,000	...	...
Dominion—							
Canada Treasury Bills	Apr...		....	Aug. '36	$30,000,000	99.768	.920

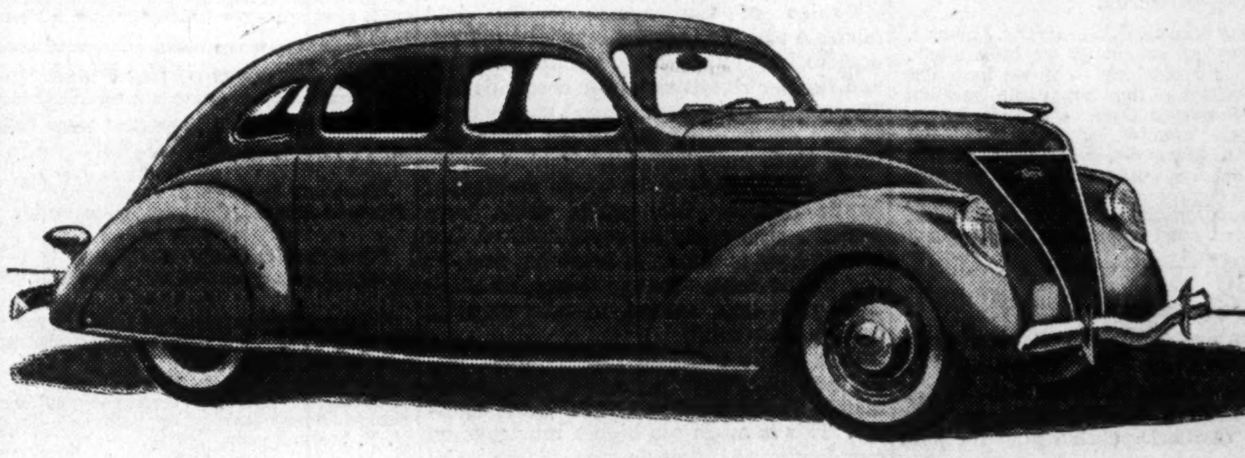
OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Corp. Episcopale Catholique Romaine du Diocese de Pembroke	May..	Dube, Leblond & Co.	4%	1937-51	$101,000	100	4%
Stock Issues—							
Mineral Estates	May..	Direct	....	Treas.	25,000 shs.	2.50	...
Gateway Patricia Gold Mines	May..	H. R. Bain & Co.	....	....	700,000 shs.	25c	...

★

A NEW KIND OF CAR...
A NEW KIND OF VALUE

LINCOLN
ZEPHYR V·12



IF THE LINCOLN-ZEPHYR V-12 were judged solely on its size, comfort and beauty, it would be a very remarkable car at the price asked. But combine with these a 12-cylinder engine of the V-type —the type which has won the most coveted records—developing 110 horsepower! Here is the new standard of value in the medium-price field!

This 12-cylinder engine has been developed by Lincoln engineers. It is built side by side with the Lincoln engine, by Lincoln precision methods. It offers a new power, new flexibility, new alertness!

Inspect this new car today! Learn about the unique body—a framework of steel trusses, joined by steel paneling on top, sides, and bottom. Sit in the luxurious interior, which accommodates six passengers in comfort. Then arrange for a demonstration on roads of your own choosing! . . . This most modern of all cars can be delivered at once! *See your Ford dealer for complete details and delivered prices.*

FORD MOTOR COMPANY OF CANADA, LIMITED

The Financial Post

Member Audit Bureau of Circulations

Editor—Floyd S. Chalmers

Business Manager—D. M. Gowdy

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

The Financial Post Has the Largest Paid Circulation of Any Canadian Financial Paper

ADVERTISING RATES

Single insertion—$3.64 per inch.
Debenture and Dividend Notices—26c. per agate line.
Contract rates upon request.

SUBSCRIPTION PRICE

Canada, United States, Mexico, British Empire, $5 per year, all other countries, $6.

Published by
THE MACLEAN PUBLISHING CO., LIMITED
481 University Ave., Toronto 2.
Founder and Chairman—John Bayne Maclean
President—Horace T. Hunter
Vice-President and General Manager—
H. Victor Tyrrell

MONTREAL—Dominion Square Bldg., Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor.

GREAT BRITAIN, London, Resident representative: J. K. Ross-Duggan, Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1. Telegraphic Address, Atabek, Lesquare, London.

The Financial Post Business Year Book, Yearly, $2.

The Financial Post Survey of Corporate Securities, Yearly, $2.

The Financial Post Survey of Mines, Yearly, $2.

The Financial Post Record of Prospectuses, Half Yearly, $7 per volume.

The Financial Post Corporation Service, $20 monthly. Special prices for individually selected investor's service.

Directory of Canadian Directors and Officials, Yearly, $10.

TORONTO, MAY 9, 1936

Loan Council Plan Revived

IT IS good news that the Dominion is ready to stand behind the provinces in a fair scheme to reduce their interest charges.

For a while Ottawa wavered on its Loan Council plan of aiding distressed provinces in their borrowings. Various members of the cabinet turned lukewarm to the scheme when the provinces themselves seemed indifferent to the plan.

Mr. Dunning has now decided to carry through the necessary legislation and to make a Loan Council available to any province wanting one. Saskatchewan has led the van; has agreed to accept a loan council. Premier Patterson has set a splendid example to the recalcitrant Premier Aberhart and Premier Pattullo, who will, we trust, shortly see fit to follow his example.

The modifications of the plan, outlined by Mr. Dunning, were necessary no doubt, to "save the face" of provincial premiers who have up to the present rejected the plan. For instance, if a Loan Council refused to permit Alberta to borrow $10 millions a month for Social Credit dividends, then the province, under the revised plan, would be free to seek the money in ordinary markets. Actually, it must be apparent to all seasoned observers that once a Loan Council has rejected a proposed borrowing, the chance of getting the money from investors is very small. Thus the concession would mean more on paper than in practice.

General adoption of the Loan Council plan of aiding the distressed provinces in exchange for acceptance by them of some outside control over their borrowings is the only feasible plan of strengthening public finance in Canada. The Financial Post has said so for several years and naturally is happy to see its proposals come nearer to acceptance. When Mr. Bennett first loaned money to the western provinces, with no strings attached, The Post said what Mr. Dunning has now paraphrased in these words:

> "It has long been clear to everyone, I believe, that this process cannot go on indefinitely. We are rapidly reaching — if we have not already reached — the impossible position where the Dominion Government will be the largest single creditor of those provincial governments. Moreover, if we continue this process of handing out funds without security and without control of any sort, we shall be in danger of undermining Dominion credit which, in my opinion, must be protected at all costs."

Saskatchewan Sanity

THE Bank of Canada has extended its first provincial loan, $3 millions to Saskatchewan. This advance enables the province to meet its maturities pending completion of the Dominion plan for loan councils under which the federal guarantee will be available to the province to assist in its financing. Presumably this loan and the bank loan obtained by Saskatchewan earlier this year were made upon the agreement of the province to use the loan council plan to solve its problems.

Hon. W. J. Patterson, premier of the provincial government, deserves commendation for adopting the sane method of putting Saskatchewan's financial house in order. By the loan council plan, Saskatchewan will eventually be able to refinance all or part of the provincial debt under federal guarantee. This will enable the government to get the benefit of low interest rates and avoids damage to the province's good name with investors in Canada and abroad.

Revolt from Taxation

CURIOUSLY, what has aroused most criticism in Mr. Dunning's budget is his refusal to increase personal income tax. Corporation income tax has been increased from 13½ to 15 per cent, thus reducing still farther the sums which industries will have for investment in new job-creating extensions.

The simple truth is that when present Dominion and provincial income taxes are added together, the rates have reached the point where they already represent capital confiscation. In fact, in certain brackets income taxes go as high as 110 per cent in Canada. The so-called "higher brackets" have been taxed to the limit, indeed past the limit as is shown by some flight of capital from Canada. There is no more milk in the income cocoanut. Last year the income tax produced $82.7 millions, an increase of $15.9 millions over the previous year. It was the largest single source of revenue, exceeding either the customs revenue or the sales tax. Provinces collected millions more.

The increase in sales tax will hit different individuals unevenly. Some firms will have to absorb the increased tax without being able to pass it on. But generally the effect will be to spread the heavier tax burden over the great mass of the population. If some way could now be found to make the public realize just how much government taxation is wrapped up in every purchase made every day, we might be on our way to the great public tax revolt that must apparently come before governments will endeavor to economize on a large scale.

Newsprint Men "Out for Blood"

NO INDUSTRY can live unto itself; it must consider and respect the rights of the consumer. This cardinal principle of business is in danger of being overlooked by the Canadian newsprint industry when it comes to enter into negotiations with the publishers in regard to the price schedule for 1937 deliveries. Confidence has returned to the manufacturers with a realization of their stronger position and signs are not wanting to show that they are "out for blood." A few months ago operators spoke hopefully of a $2 or $2.50 a ton price increase; now some of them are talking of an advance of $5 and even $6 a ton. Support of the latter movement is attendant with possible serious consequences to the future welfare of the industry. Temporarily the manufacturers would benefit, but enforcement of an arbitrary and unnecessarily high increase in price at this time will only speed the day when substitute sources of newsprint will be used and further antagonize the U. S. publisher.

The American publishers admittedly have taken advantage of a disorganized industry, but it is not the attitude of the American publishers quite as much as the policies inherited from promoters and investment dealers, both American and Canadian, with the aid of the provincial governments, that have led to present unsatisfactory relationships between producer and consumer. Any attempt to gouge the publishers will not pay. Rather should it be the aim of the industry to formulate a policy predicated upon a mutual understanding by publishers and manufacturers of each other's problems with a view to building lasting and prosperous relations.

More Chains of Debt

MR. DUNNING has presented a realistic budget, at least, in the figures presented if not in the economies attempted. The budget statement presents a summary of all expenditures, current, capital, "special," and deficits on government-owned enterprises in a manner to show just how far the country has gone behind. The deficit of $162.2 millions is shown as an actual deficit and how it is comprised is tabulated in simple form.

The deficit is truly shocking. It is just as well that it has been presented in a way that will jolt the average citizen. It shows an increase of $46 millions over the previous year. It represents a reversal of the favorable trend to previous two budgets. Exact comparisons from year to year are not easy to make. For example, Mr. Dunning had to appropriate $15.9 millions to cover wheat losses that the former government concealed. He had to pay for public works undertaken by the former government by way of pre-election bribery. But the important point is that the country ended up with a deficit of $162.2 millions; the money has to be borrowed; we have to pay interest on it; we are not getting very near to budgetary balance.

Chains of burdensome public debt manacle and bind us and restrict our freedom to handle our other problems. They add further rigidities to our economic life. The constantly growing fixed charges add to our competitive production costs and make trade more difficult.

Debt is the core of the whole problem of public finance. Our public debts have passed a reasonably supportable level. Our course now is clear. It must be, first, to peg public debts—that is to say, to check their rise—and, second, to take steps to reduce their total.

Our public debts in Canada, including those of other governments, total approximately $3,000 for every home in the country. This is much too high a mortgage on our farms and firesides. It is the chief reason why the annual cost of government has risen to $10 a week for every home in Canada.

We're Both Correct

THE Northern Miner thinks it has caught The Financial Post in what it calls a "curious error." But it has not done so. The Post said the printing, publishing and bookbinding had the largest payroll in manufacturing in Canada, $35 millions.

The Miner points out that mining payrolls were $88 millions in the same year, 1934.

We do not question The Miner's figures. But The Miner should not question ours, which were correct.

We were quoting from the Dominion government figures on "manufacturing industries." Lifting ore to the surface is not manufacturing, although it is industry. It is only when the ore is smelted or refined that mining becomes manufacturing.

If the Northern Miner were to say that Canada's mining payrolls exceeded the payrolls in the three largest "manufacturing" industries of Canada, it would be telling the truth.

Taxation of Public Power

ONTARIO'S Minister of Public Welfare is to be commended for his endorsation of the principle of municipal taxation of properties of the Hydro-Electric Power Commission of Ontario.

This is the first time that a high official of the provincial government has dared to suggest that publicly-owned enterprises should be taxed. In the past, cabinet ministers have taken a strong stand against such proposals.

For years The Financial Post has been advocating taxation of publicly-owned utilities. Unless they contribute to municipal and provincial revenues in the same manner as a privately-owned public utility they are not on a competitive basis and their claims of "service at cost" are ridiculous.

Exemption from taxation in the past has merely meant that the Ontario Hydro and other public utilities have been relieved of the cost of the public services from which their customers have derived substantial benefits. The taxpayer has borne the burden.

The Ontario Hydro receives fire and police protection in the various municipalities it serves. Its motor trucks use the roads of the municipalities. Yet it contributes nothing to the upkeep of these services.

As was to be expected, supporters of Ontario's publicly-owned utility are holding up their hands in horror at Hon. David Croll's suggestion. They point out that if taxed, the Hydro will have to raise its rates. The Financial Post has pointed out on numerous occasions that, if this is true, then operations in the past have not been on a sound economic basis and sale of electrical energy has been at below cost.

Not "Uncontrollable"

THE Minister of Finance in his budget address stated that 62 per cent of Canada's revenues went to pay for "uncontrollable" expenditures as against 19 per cent in 1913-1914.

Every dollar of the expenditures now classified as "uncontrollable" was at some time or another controllable by some Dominion administration.

Once a debt has been assumed the interest on it becomes uncontrollable, but the "uncontrollable" interest is the result of a controllable expenditure.

Future ministers of finance will classify as "uncontrollable" the interest on every dollar borrowed by this government.

The use of the phrase "uncontrollable expenditures" should be avoided by ministers of finance. It is misleading.

Editorial Notes

The Toronto Star speaks of a letter under the signature of J. A. Caulder. It's a curious place to put the letter.

* * *

"In some cases" western provinces have made heroic efforts to cut expenditures, says Mr. Dunning. Which implies that in other cases, no such effort has been made.

* * *

Mr. Dunning has departed from the "bridge score" method of accounting. But the taxpayer is still vulnerable and is going down plenty, doubled and redoubled.

* * *

When corporations get their new tax bills we trust they will refrain from nasty wisecracks about the "dunning" budget.

Post-Scripts

Tax Time in Montreal

NO RESIDENT of Montreal needs to be told that the city is in financial difficulties; a stream of bills for taxes and licenses is a constant reminder in case he should forget, which he is not likely to do. Despite the desperate need for revenue, red tape rules in the finance department. One by-law requires that on May 1 every owner of a dog must take out a license costing $3.49. A reader of The Financial Post who happened to be in the city hall on April 30, went to the license department, laid down $3.49 on the counter and asked for the new license. The clerk refused to issue the license and on being asked the reason said: "We can't accept payment until the new license books are opened and that won't be until tomorrow. Come around then, or better still, send a cheque and we'll issue a license."

Sayings of the Week

"Being inventive and original is not being extravagant and silly."—*H. G. Wells.*

* * *

"Germany is finished, commercially." — *Dr. Sigmund Samuel, Canadian industrialist.*

* * *

"One fact critically established is worth a thousand loosely arrived at."—*Joseph Jastrow.*

* * *

"Not even the minister of railways has power to order a truck, let alone a train, to be moved." —*R. E. Finn, M.P.*

* * *

"Housing is not an emergency problem. It cannot employ emergency methods."—*Report of N. Y. State Housing Board.*

* * *

"The great majority of Canadian municipalities, even in these years, are living within their incomes."—*Dr. H. L. Brittain.*

* * *

"Canada's vast mineral resources will keep her at the head of the list of British Dominions for years to come."—*Roger Babson.*

* * *

"The greatest joy and satisfaction that a man can have is to be able to speak freely according to his best judgment."—*J. F. Pouliot, M.P.*

* * *

"A common blunder is to spend ourselves on things which are not worthless but which are not worth the time they take."—*Dean Inge.*

* * *

"No economic system in the past has collapsed unless the morals on which it rested first suffered a breakdown."—*Henry Sloane Coffin.*

* * *

"My experience with political appointments is that the man you replace is apt to be as good as the man who replaces him."—*Hon. C. D. Howe, M.P.*

* * *

"We cannot say exactly what will happen the next fiscal year (in the U. S.), but we know that the deficit will be again upwards of 4,000 millions."—*Senator Arthur Capper, of Kansas.*

* * *

"I cannot understand how anyone who calls himself a Christian can be opposed to public ownership. There is a day of reckoning coming." —*Hamilton (Ont.) City Controller, Rev. Banks Nelson.*

* * *

"Banking is founded on credit, and credit on confidence, which is very liable to dissolve under the corrosive effect of political expediency."—*The Bulletin of the Associated Banks of New Zealand.*

* * *

"A demagogue cannot talk thrift. His stock-in-trade is to make each voter think he can get something for nothing, that the country owes him a living and that perspiration is a disgrace." —*F. G. Clark, national commander of "The Crusaders," of the U. S.*

* * *

"Aviation owes nothing to Canada. We, a country that with the possible exception of Russia, needs more from aviation than any other country in the world, are in a position vastly inferior to any other country of our size or population."—*Air Vice-Marshal W. A. Bishop, V.C.*

"The Next Five Years"

Ottawa Citizen

For a number of weeks past that remarkable newspaper, The Financial Post of Toronto, has been running a series of articles written by prominent Canadian business and professional leaders "outlining national issues and offering solutions." The general title of the symposium has been "Canada — and the Next Five Years."

The contributors have formed a representative section of the business and professional classes of Canada, and some interesting thoughts have been expressed. But, by and large, there has been a singular lack of imaginative grasp of the underlying nature of the present crisis or of realistic insight as to ways out.

Most remarkable has been the lack of unity as to direction. True, many contributors have spoken of "restoring confidence," "balancing the budget," "securing markets," "economy in capital expenditures" and the like, but this is all hollow-sounding jargon, and governments for the last five years have been doing nothing else but attempt to follow such advice. The result is on every hand. There has been, however, no bold plan suggested that at once commends itself for its clarity and logic.

The one conclusion to be drawn from these discussions by our business and professional leaders is that the latter, obsessed with fixed ideas, have no clear conception of what is wrong and less of what should be done. And if their "advice" were followed (as in fact it is in most respects) we might just as well settle down to five, maybe ten or twenty, years more of artificial siege conditions.

Not one seems able to address himself to the one plain issue—why the people of this country are being prevented from consuming, possessing and enjoying the present and potential wealth available. The obvious and inescapable answer is that they have not the money with which to buy the wealth, that there is a shortage of purchasing-power in the community, and that no juggling in the ownership of or claims to the existing amount of purchasing-power can touch the fundamental problem. The paramount task is to make up the deficiency,* and no amount of skirting the question will ever solve it.

---

*Editor's Note: The Ottawa Citizen is the chief journalistic backer of Social Credit in Eastern Canada.

As Others See Us . . . . .

"Happy Days Are Here Again"

St. Catharines Standard

A three column headline in The Financial Post this week almost makes the reader believe that happy days are here again. It reads: "Gigantic Newsprint Plan of Quebec-Ontario Merger Backed by Potent Group." In the good old days such mergers wrote up capitalization and nearly ruined the great industry. It is reassuring to know that the projected one is to write down capitalization, debts and fixed charges, and make for a more healthy productive condition.

The Shouters

Winnipeg Free Press

Daily newspapers like the Montreal Star, financial publications like The Financial Post, and small organized business coteries keep right on yelling their heads off for an immediate settlement of the railway problem satisfactory to them; but the outcry leaves the country quite cold. All these parties are out of court because it has long been evident that what they have been trying to do has been to wreck the Canadian National Railways in order that the Canadian Pacific Railway's difficulties might be lessened. Whatever solution of the railway problem may be attempted it will not be along that line; but the shouters do not appear to be capable of appreciating this fact.

Not Profitable

Saskatoon Star-Phoenix

The Financial Post, of Toronto, has published a compilation of figures to show that war does not pay. The figures are the total money cost of the Great War to Canada, including interest charges over the past 20 years.

This is the money cost and great as it is, it is a trifle compared with other kinds of costs. And there is nothing in the way of an asset for this vast expenditure.

If one pauses to think what could have been done by using that money in a different way, by spending it to supply those things which make any country a pleasant and satisfactory place in which to live, the folly of war is emphasized.

How many miles of perfect roads, how many beautiful parks, how many fine dwellings, and how many of other similar things conducive to pleasant living would $4,341,488,904 buy for the people of Canada?

And note the amount of the accumulated interest; $1,743,402,150, a sum very considerably more than the direct war expenses.

Driving Money Away

Lethbridge Herald

Alberta is still a very young province. It is only 31 years ago that we became an autonomous state. At that time we had only 73,000 people. But the opportunity to come here to invest work and money brought half a million people within 20 years. There were few taxes, and they were low in their incidence. The opportunity for gain was here, and the people came.

We still have plenty of opportunities, but we are being so set upon by taxation and threats of dictatorship over business that capital is not coming here any more. In fact, capital is beginning to flee our boundaries. The Financial Post tells us the reason when it says:

"New residents are pouring into Florida to establish legal residence there, a simple enough formality that does not require year-round domicile."

It is an established fact that wealthy men in Alberta are looking for just such places as The Post mentions, where they may take the wealth they have made here. They are looking to Florida, to the British West Indies and other parts of the globe where capital is welcomed and where taxes are more or less incidental.

What If There's War?

Pembroke Bulletin

A number of eminent writers have been contributing articles to The Financial Post upon the next Five Years, and naturally these articles, having been written by Canadians in the front rank of their respective lines, command attention.

There is one possible condition which all have overlooked, and that is before the end of the next five years we may again be plunged into another European war which may rock civilization and our whole economic foundation so that it will practically totter. Should this happen, then the premises from which all are drawing their conclusions are scarcely of any value.

Should there be a war in the next five years it may be chaos, but if we are fortunate and have five years of peace it is easier to reach certain definite conclusions. We are now on the upgrade, the ascent has been painfully slow, still we are making some progress. Every little has helped. Governments have helped, and this is what we expect from them, what we have a right to expect. The Ottawa trade agreements in 1932 with Great Britain was the greatest assistance, and the recent treaty with the United States will undoubtedly assist the farmers, but it is just possible that this benefit will be offset somewhat by the injury sustained by Canadian manufacturers.

However there is no royal road out of the depression. It has so far been rough. If we would get back to what we call normal conditions it will be through self-denial, hard work, thrift, honesty and all the other homely virtues which the pioneers of Ontario were proud to possess. Exercising these we will still move upward, but he would be an optimist who could foresee conditions in 1940 as good as they were at the beginning of 1930.

In the Mail . .

Donnacona's Scheme

Editor, The Financial Post:

I note in your paper that Donnacona Paper has issued details of their second reorganization scheme. Under this plan holders of the 5½ per cent first mortgage bonds are asked to waive certain sinking fund payments and cancel unpaid interest for the two years to Feb. 1, 1936 (amounting to $724,240) to say nothing of accumulated interest thereon.

I consider that the two years' interest the bondholders are asked to waive have a prior lien on the company, and therefore the 131,680 new shares it is proposed to issue, should rank, both as to assets and dividends before the present class B shares. But as it is now proposed, A and B shares will rank equal in this respect.

BONDHOLDER.

Staten, Hastings,
Barbados.

A Good Lead

Editor, The Financial Post:

The Ottawa Journal under the headline, "Uninformed Criticism as Bad as Panaceas," asserts The Financial Post is displeased with the Journal because of its assertion that contributors to The Post's series, "Canada—and the next five years," were indulging in "Glittering Generalities."

Now, in the writer's opinion the wide circulation of The Post, supported entirely upon the subscriptions of its numerous readers, is a guarantee that its policy in publishing the considered opinions of Canada's responsible men, not occupying the seats of authority, meets with wide approval. Only shallow thinkers will find in such policy, mere "glittering" suggestions.

It would surely be more creditable if an increasing number of newspapers would follow the meritorious example set by The Post, and urge the attention of those in authority upon such helpful opinions as are offered by earnest men.

MALCOLM CAMERON.

Ottawa.

Agriculture's Place

Editor, The Financial Post:

I wish to heartily commend—as I've already done in my narrow zone of influence—your feature "Canada—and the Next Five Years."

So far, a careful reading of the suggestions and convictions of your distinguished contributors makes it very clear that most of our economic ills reach back to rural life.

In your issue of last week, for example: John Imrie reminds us that one of the chief problems today is: "The conflict of economic interests as between an over-expanded industrial plant and an agricultural industry in the West that must sell the bulk of its products in world markets at world prices. The former desires practically 100 per cent of Canada's home market for the goods it manufactures; the latter can sell its products only as production costs are kept low and as Canada is willing to purchase from other countries in return."

It seems to me, Mr. Editor, that a majority of the difficulties of the past five years have been sourced within the four corners of that luminous paragraph—indicating a different tempo as between the Dominion's industrial wheels, rural and urban, east and west.

Writing on "The AAA—An Epitaph" in the Atlantic Monthly, Prof. James E. Boyle uses these words: "Some sage has remarked that, when you yoke together the scientific ox and the speculative ass, progress is slow. The AAA feels that our team, scientific programme and economic progress, is too slow; we must speed it up. So now we are putting to the test the new philosophy of (equality) for agriculture — based on a programme of scarcity."

However that may be, every pioneer in the Dominion knows that in all dual "hitches," the normal speed of the team is that of the slower animal!

W.P.D.

Toronto.

Stop Me If You've Heard This One . .

"Don't you see that sign, 'Fine for parking?' "

"Yes, officer, I see it and heartily agree with it."

Attention to Investment Problems by Mail

Letters from clients asking for information on investment subjects or desiring to buy or sell securities receive prompt and careful attention. Transactions by mail with many of our out-of-town clients have been carried on for years with satisfaction.

A complete investment service is available at any of our branches.

A. E. AMES & CO.
LIMITED
Business Established 1889
TORONTO
Montreal Winnipeg Vancouver Victoria New York London, Eng.

May Bond Letter

In addition to an article on the recent refunding of Corporation bond issues the May Bond Letter contains a well diversified list of sound investment securities. Write for a copy today.

McLEOD, YOUNG, WEIR & CO.
LIMITED
Metropolitan Building, Toronto
Ottawa Telephone: Elgin 0161 London
Montreal Hamilton

Champion Simmons Investment Corp. Ltd.

$110.00 in Trust for Every
$100.00 Owing to Investors—
5% Interest

Abitibi Power & Paper Company, Limited

TORONTO, ONT.

Owning and operating mills at

Beaupré, Que. Sault Ste. Marie, Ont.
Sturgeon Falls, Ont. Iroquois Falls, Ont.
Espanola, Ont. Smooth Rock Falls, Ont.
Pine Falls, Man. Fort William, Ont.

Daily Capacity 2,200 Tons Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

LIFE BEGINS at
Banff
in the Canadian Rockies
Mile-high Golf
Alpine Climbing
Riding . Swimming
Fishing . . Tennis
Gay Social Life

SO DIFFERENT, it is like starting a new life—up, up, in the bracing coolness of a mountain wonderland, stands this veritable "Castle in the Air"—Banff Springs Hotel! Every window frames a view of breath-taking Alpine beauty . . . every hour brings some new thrill, some unexpected pleasure or some delightful touch of hospitality. Here is gracious living at its best, on any scale you choose . . . de luxe suites and smaller, perfectly appointed ones . . . single and double bedrooms . . . and interesting, world-travelled people to add to the enjoyment of your stay.

Outdoor diversions in abundance . . . golf on the famous mile-high course . . . sure-footed ponies . . . hiking on sky-line trails . . . tennis on fast clay courts . . . swimming in warm sulphur and fresh water pools. Fishing! Spectacular mountain motoring to nearby Lake Louise and Emerald Lake. And when evening comes, dancing and entertainment . . . and, at last, deep, restful, "mile-high" slumber.

Plan a long stay at Banff this summer. Ask for booklet—"Castle in the Air."

Noteworthy events include: Calgary Stampede, July 6-11; Indian Days, July 24-26; Trail Ride, July 31—August 4; Trail Hike, August 7-10; Golf Week, August 16-22, with tournaments for the Edward, Prince of Wales Cup, and the Willingdon Trophy. Banff Springs Hotel open from June 13—Sept. 15; Chateau Lake Louise and Emerald Lake Chalet, June 20—Sept. 15. Vancouver Golden Jubilee, July 1—Sept. 7.

Extend your holiday to visit Alaska, the glaciers and fjords. *9-day Cruises* from Vancouver and Victoria, all expenses included (except at Skagway) $90.

Low Summer Round-trip Fares to Banff, Pacific Coast, California

Full information from any Canadian Pacific agent

CANADIAN PACIFIC

Week in Business

Consumers Awaiting Incidence of Budget

Few Evidences Yet of Lower Prices — Sales Tax Now Major Tax Source — Carloadings Soar But Employment Slackens

May Day was budget day but so far, Mr. Man-in-the-Street is still wondering what it all means. He read that the gasoline tax had been lowered, but his tank is running low and still there are no signs of pump prices being lowered. He read about car tariffs being cut but he has yet to read the big display ads. that tell of sweeping reductions in new car prices. He has even been saved the pain of recalculating his income tax returns—a job left entirely for the corporations.

Of course one answer is that it will take many days—perhaps weeks—for many firms to figure out the actual incidence of the new Dunning budget (particularly in regard to many of the British preference items). For example, the automobile tariff and excise changes, through an important forward step toward simplification of an atrociously complex system, are sufficiently drastic and difficult to need careful study and analysis on the part of the experts.

• • •

Another answer is that Mr. Dunning's major play is undoubtedly the 33 1/3 per cent increase in the sales tax which makes that hardy Canadian perennial the major item of taxation for the current fiscal year. On many lines this increase will more than offset the lower tariffs (as for example, many makes of cars) although in retail merchandise the gain may not be felt by consumers for the time being, since manufacturers will largely absorb the increase on orders already placed prior to May 1. Once these orders are cleared away, the increase will work itself out in two ways—partly by higher prices to consumers and partly by lower quality merchandise.

The cut in quality will occur for the most part in goods which traditionally sell at a standard price such as 25 cents or $1. If the trade cannot absorb the increase in tax and if the price to consumers cannot be raised, then slightly poorer quality must turn the trick. The same holds true of "branded" lines that sell at even denominations.

• • •

Of the week's business news, the most striking is the perpendicular jump in carloadings due to a gain of almost 50 per cent in wheat loadings compared with the same week last year, and increased movement of almost every type of goods except pulpwood and some other forest products and miscellaneous items.

On the other hand, employment returns for April 1 revealed a more than usual decline due to pronounced contraction in logging operations; an exceptionally sharp drop in railway construction and maintenance activity and a contra-seasonal drop in retail trade due to unseasonable weather. Manufacturing was the bright spot of the month due largely to a good showing by iron and steel and textile groups. By areas, only Maritimes and B.C. showed gains.

Business Indicators

Changes of the Week

Favorable

Weekly earnings and revenue figures of Canadian railways continue well above last year. Net earnings of C. P. R. for March below 1935 totals.

Carloadings for week of April 25 jump almost 12 per cent over same week last year due to increase in grain and other loadings.

Retail trade in March up 3.2 per cent over February and over March, 1935 after adjustment for seasonal and calendar variations. Biggest improvement over February was in boot and shoe sales (up 26.7 per cent). Hardware gained 15 per cent; groceries and meats, 7.3 per cent; department stores, 3.5 per cent; restaurants and variety chains gained between 1 and 2 per cent. Other groups showed declines.

Employment (as noted above in Week of Business) showed gains at April 1 in manufacturing but a more than seasonal decline for all industries. By cities, increases were noted in Montreal, Toronto, Ottawa, Windsor and Vancouver and losses in Quebec, Hamilton and Winnipeg.

Leading Indicators as Compiled by The Financial Post

▴Denotes new figures this week.

	WEEKLY DATA —Latest—		—Cumulative Total— Jan. 1 to date	
Transportation—	1936	1935	1936	1935
Car loadings (Apr. 25)	▴47,228	42,194	720,599	725,355
C.N.R. gross earn. (Apr. 30)	$ ▴4,884,024	$ 4,580,815	$ 55,521,542	$ 52,382,538
C.P.R. net revenue (Apr. 30)	$ ▴3,236,000	$ 3,097,000	$ 39,862,000	$ 36,423,000
Business Conditions—				
Weekly index D.B.S. (Apr. 25)	▴106.6	99.9	......	......
MONTHLY DATA	1936	1935	1936	1935
Business Conditions—				
Financial Post index (Mar.)	.106.0	98.6	......	......
Transportation—				
C. P. R. net earnings (Mar.)	$ ▴1,347,733	$ 1,147,235	$ 2,827,703	$ 2,101,694
C.N.R. net revenue (Mar.)	$ 941,533	$ 1,095,485	$ 76,742	$ 481,699
Iron and Steel (Mar.)—				
Pig iron production (tons)	55,009	44,727	172,096	126,402
Steel ingots and castings prod. (tons)	101,092	57,840	294,682	173,372
Automobiles (Number)—				
Passenger Car:				
Domestic sales* (Mar.)	9,451	9,244	18,480	18,079
Factory output (Mar.)	14,488	18,179	36,602	40,333
Trucks and Buses:				
Domestic sales* (Mar.)	2,149	1,717	4,076	3,585
Factory output (Mar.)	3,533	3,796	7,898	10,363
Exports (Mar.)	4,817	7,929	15,042	20,384
Construction—				
Building permits (Mar.)	$ 2,361,271	$ 4,022,755	$ 5,556,871	$ 8,507,270
Contracts awarded (Mar.)	$ 10,289,100	$ 8,499,000	$ 32,127,200	$ 29,391,300
Newsprint (tons)—				
Production (Mar.)	233,900	205,682	683,424	587,946
Sugar (lb.)				
Melting & shipments§ (raw)	▴50,095,059	52,534,493	114,520,555	117,322,042
Manufactured§	▴46,454,928	49,612,873	113,600,438	139,508,165
Flour (bbls.)				
Production (Mar.)	▴1,171,741	1,046,087	3,172,746	3,012,462
Wheat flour exports (Mar.)	476,773	497,468	1,131,186	1,153,296
Trade—				
Retail trade (index no. of sales) (Mar.)	▴71.7	69.5	......	......
Imports (Mar.)	$ 52,765,031	$ 48,191,140	$ 134,952,705	$ 122,464,255
Exports (Mar.)	$ 73,166,331	$ 59,026,422	$ 187,781,853	$ 151,077,456
Wheat exports (bush.) (Mar.)	13,146,185	8,906,379	34,944,674	21,493,205
Employment, D.B.S. Index (Apr. 1)				
All industries	▴97.4	93.4	......	......
Manufacturing	▴101.1	93.9	......	......
Electric Power Output (Mar.)—				
Total monthly (000's omitted)	2,135,460	1,943,555	6,164,052	5,759,744
Aver. daily	68,886	62,695	......	......
Other Industrial Indices—				
Lumbering:				
Plank & board exports M. bd. ft. (Mar.)	142,062	100,122	240,192	263,982
Boot & shoe prod., pr. (Feb.)	1,835,240	1,580,041	3,349,199	2,909,921
Crude petrol. imp. gal. (Mar.)	65,383,000	43,646,874	166,169,265	157,171,158
Cotton imports, lb. (Mar.)	13,558,000	11,242,000	45,221,000	28,503,000
Raw rubber imp., lb. (Mar.)	4,052,000	6,071,408	12,246,272	15,543,508
Coal imports, tons (Mar.)	506,260	526,791	1,489,780	1,500,200
Finance—				
Bank debits (Mar.)	$ 2,598,811	$ 2,235,799	$ 8,358,328	$ 7,006,891
Bond sales (Mar.)	$ 122,846,225	$ 16,377,974	$ 395,417,114	$ 61,339,174
Life insurance sales (Mar.)	$ 31,664,000	$ 31,416,000	$ 96,125,000	$ 93,120,000
Automobile Financing—				
Used cars (Mar.)	$ ▴1,721,396	$ 1,223,575	$ 3,603,413	$ 2,584,652
New cars (Mar.)	$ ▴2,177,433	$ 1,756,967	$ 4,220,067	$ 3,544,442

*D.B.S. All-Canada figure comprising over 90% of the Canadian total. †000's omitted. §For 4 weeks to Apr. 18.

U. S. Prune Growers Organize for Export

California Prune Export Association has been formed to meet special conditions in the export trade of that commodity, according to Commerce Reports, Washington. Organized for a limited period, it plans to operate under the U.S. Export Trade Act (Webb-Pomerene Law), which grants exemption from anti-trust laws to an association entered into and solely engaged in export trade, with the provision that there be no restraint of trade within the U. S. or restraint of the export trade of any domestic competitor, and with the further prohibition of any agreement, understanding, conspiracy or act which shall enhance or depress or substantially lessen competition within the U. S. or otherwise restrain trade therein.

A Publication For Investors

The May edition of our monthly investment pamphlet gives information and indicates prices and yields on a number of attractive public utility and industrial securities, as well as government and government-guaranteed bonds.

Copies on request.

Royal Securities Corporation
Limited
244 St. James Street
Montreal
330 Bay Street
Toronto 2
Halifax, Saint John, Quebec, Ottawa, Winnipeg, Calgary, Vancouver, Charlottetown, Hamilton, St. John's, Nfld., New York, London.
11

Economic Areas Show Minor Seasonal Changes

Minor changes were shown in March for the five economic areas of Canada. Regional indexes for the Maritimes and British Columbia showed advances after seasonal adjustment. The indexes of Quebec, Ontario and the Prairie provinces recorded slight recessions.

Except for B. C., the new business obtained by the construction industry showed gains after seasonal adjustment. The power industry reported gains in each economic area except in the Prairie provinces. Employment showed declines after seasonal adjustment in Quebec and the Prairies, the other economic areas recording moderate advances. The declines in bank debits were general although gains were shown over March of last year.

Maritime Provinces

The increase in the index of the Maritime provinces from 105.1 to 106.9 in March was the third consecutive increase. Conditions continued active in the Maritimes' principal industrial area; 8,000 men were on the payrolls of the Dominion Coal Company operating at Glace Bay and the Dominion Iron and Steel Company at Sydney had an average force of 3,161 men on the payrolls. Blast furnaces and the steel mills were actively operating during the month.

New business obtained by the construction industry showed an adjusted gain of 15.5 per cent in contracts and 42.6 per cent in building permits. The adjusted index of bank debits was fully maintained. External trade through Maritime ports showed a greater than seasonal decline in March.

Quebec

Several important increases were shown in the monthly records for Quebec, but a slight decline was shown in the index for the area.

Ontario

While employment showed an adjusted gain in Ontario, the general index was shaded a little at 114.2 against 114.8 for February. The adjusted gain in contracts awarded was 44 per cent and in building permits 39 per cent.

The adjusted index of employment was 107.9 against 107.0 at the first of March.

Prairie Provinces

The index of the Prairie provinces receded from 113.4 to 112.1. An adjusted gain was shown in the new business obtained by the construction industry.

Wheat prices were fully maintained. The average for the month for No. 1 Manitoba Northern was 82.1 cents per bushel, the same as in February. After seasonal adjustment an increase is indicated.

British Columbia

Gains in employment and electric output were the determining factors in raising the index for British Columbia from 113.8 to 114.4.

The detailed picture shows:

		March 1936	March 1935	February 1936	Increase or Decrease March 1936-1935 %
Maritimes					
Construction contracts	$	249,000	353,000	282,000	— 29.5
Building permits	$	101,000	48,000	48,000	+110.4
Life insurance sales	$000	1,917	2,173	2,093	— 11.8
Bank debits	$000,000	46.4	39.9	43.8	+ 16.3
Electric power	kw.h. 000	47,439	43,416	34,049	+ 9.3
Employment	1926 = 100	101.8	95.8	101.7	+ 6.3
Tonnage of vessels, cleared		729,079	767,854	738,058	— 5.0
Imports	$	3,399,031	2,598,913	2,268,894	+ 30.8
Exports	$	28,301,312	23,259,929	22,925,113	+ 21.7
Index		106.9	101.9	105.1	+ 4.9
Quebec					
Construction contracts	$	3,735,000	1,319,000	3,679,000	+183.2
Building permits	$	468,000	248,000	203,000	+ 88.7
Life insurance sales	$000	8,808	9,190	8,452	— 4.2
Bank debits	$000,000	823	706	866	+ 16.6
Electric power	kw.h. 000	1,101,617	1,032,363	984,744	+ 6.8
Employment	1926 = 100	91.4	85.9	95.1	+ 6.4
Imports of raw cotton	lb.	13,558,113	11,242,144	11,724,408	+ 20.6
Newsprint production	tons	243,900	205,682	221,569	+ 18.6
Index		128.7	119.5	129.4	+ 7.7
Ontario					
Construction contracts	$	4,384,000	5,273,000	3,376,000	— 16.9
Building permits	$	1,151,000	1,725,000	439,000	— 33.3
Life insurance sales	$000	14,251	13,785	13,742	+ 3.4
Bank debits	$000,000	1,152	1,061	1,258	+ 8.6
Electric power	kw.h. 000	667,679	578,285	612,932	+ 15.5
Employment	1926 = 100	103.4	100.7	103.8	+ 2.7
Livestock slaughterings	1926 = 100	132.6	124.3	139.5	+ 6.7
Steel production	tons	101,092	57,840	93,365	+ 74.8
Automobile production,	No.	17,974	21,975	13,268	— 18.2
Index		114.2	107.7	114.8	+ 6.0
Prairie Provinces					
Construction contracts	$	1,464,000	962,000	495,000	+ 52.2
Building permits	$	145,000	1,781,000	38,000	— 91.9
Life insurance sales	$000	4,125	3,836	3,532	+ 7.5
Bank debits	$000,000	413	296	428	+ 39.5
Electric power	kw.h. 000	149,202	125,713	151,637	+ 18.7
Employment	1926 = 100	90.5	86.9	95.1	+ 4.1
Wheat receipts	bush.	7,169,000	8,427,000	2,093,000	— 14.9
Wheat prices	$ per bush.	.821	.818	.821	+ 0.4
Index		112.1	101.1	113.4	+ 10.9
British Columbia					
Construction contracts	$	456,000	593,000	396,000	— 23.1
Building permits	$	497,000	222,000	1,184,000	+123.9
Life insurance sales	$000	2,413	2,183	2,491	+ 10.5
Bank debits	$000,000	165.0	133.4	171.8	+ 23.7
Electric power	kw.h. 000	135,255	133,154	116,459	+ 1.6
Employment	1926 = 100	95.9	91.8	92.4	+ 4.5
Imports	$	6,194,094	4,430,224	3,220,271	+ 39.8
Exports	$	17,518,240	13,149,092	14,058,836	+ 33.2
Index		114.4	103.3	113.8	+ 10.7

Background of Business

Compensation Costs Rise for Many Firms

Thirty-six Groups in Ontario Must Pay Increased Bill for Industrial Accidents in 1936 — B. C. News — Stationers' Guild

Some three dozen industrial groups will pay higher rates for industrial compensation in Ontario during 1936, according to provisional rates promulgated by the Ontario Board recently. In only three groups are the new rates lower than the corresponding items for 1935.

The most important decrease is the rate for accidents incurred in the transportation of freight by airship or other flying machine, formerly grouped in Class 20 and carrying a rate of $13.50 per $100 of payroll. The new rate appears under Class 5 covering mining operations, and is set provisionally for 1936 at $7.50.

Other reductions include a drop of 30 cents in the rate for the erection of wire fences when done as a separate work, a 10 cent drop in the rate for manufacture of electric light bulbs, radio tubes, neon tube lights, etc.

Increases noted are shown below, the rate in each case being per $100 of payroll.

	1936 $	1935 $
Logging, etc. (N.O.S.)	8.00	6.00
Logging operations (plants with $10,000-$15,000 payroll)	10.00	9.00
Planing mills, sash and door factories	3.00	2.25
Hardwood flooring	2.35	1.75
Mining (N.O.S.):		
Surface labor	2.50	2.10
Ore treatment (with heat)	2.50	2.10
Boring Artesian wells	5.00	3.35
Explosives (mfg.)	5.00	1.00
Fireworks, torpedoes (mfg.)	5.00	1.00
Fuses (mfg.)	3.00	1.00
Cartridges (mfg)	2.00	1.00
Loading and fixing artillery ammunition	4.00	1.00
Foundries, malleable iron	1.15	1.00
Sheet metal articles (mfg.)	1.00	.75
Typewriters, adding machines, cash registers, radios, stencils, buttons, cameras, etc. (mfg.)	.60	.40
Assembly of such machines	.40	.25
Phonograph records, ivory, etc.	.30	.20
Dry batteries (mfg.)	.75	.50
Storage batteries (mfg.)	1.65	1.10
Agric. implements, etc.	1.20	.90
Auto. repairing	1.00	.60
Wood chemicals and charcoal (mfg.)	1.75	1.25
Prep. of meat products for slaughtering	1.00	.80
Cereal prod. for bakeries	1.00	.80
Canning plants (milk, vegetables, fish, foodstuffs)	1.00	.75
Jam or fruit juice (mfg.)	1.00	.70
Sugar refineries	.90	.75
Starch or glucose (mfg.)	1.80	1.50
Macaroni (mfg.)	1.20	1.00
Cider of vinegar (mfg.)	.80	.65
Pickle factories	1.20	.80
Spices or condiments (mfg.)	.45	.35
Brewers, distillers	1.10	.75
Malt (mfg.)	.40	.30
Mineral or soda water (mfg.)	.65	.50
Wine (mfg.)	1.50	1.30

• • •

Stationers Guild

Membership of the Stationers Guild of Canada comprises 68 retail stationers and some two-score manufacturers, wholesalers, paper dealers and manufacturers' agents, according to J. S. Luckett, at the third annual meeting of the Guild held recently in Toronto. Total membership at Jan. 1, 1936, was 109.

Commenting on the misapprehension that the Guild was a price-fixing organization, Mr. Luckett pointed out that "the Guild co-operates with firms and encourages manufacturers to stipulate retail prices on their own lines, and make available to these firms information that will be of assistance to them in establishing fair retail prices on the lines they manufacture. The Guild is not a price-fixing organization and does not and will not have any part as a guild in fixing retail prices."

Mr. Luckett pointed out that there are now about 60 lines on a price-controlled basis, says Bookseller and Stationer. Numerous instances of infraction of price-protected contracts recorded during the year have been investigated by the Guild, and "the erring party encouraged to correct the irregularity, which was done in the majority of cases."

• • •

B. C. Gasoline Control

While application of Vancouver and the Union of B. C. Municipalities for permission to engage in sale of gasoline was thrown out by the B. C. Legislature, far-reaching powers have been granted Vancouver in connection with control of gasoline stations in that area, says Canadian Automotive Trade. Almost similar powers have been granted other B. C. municipalities.

The new Vancouver act gives the city council power to provide for licensing regulations limiting, defining, classifying and prohibiting the construction, installation and maintenance of gasoline and oil filling stations.

• • •

B. C. Codes

Government regulation of business in British Columbia will be gone into thoroughly before autumn, according to advice given by Premier Pattulo to the provincial Retail Merchants' Association recently.

Mr. Pattullo stated the whole problem would be carefully gone into by the Government before the House reassembled in the autumn for a special session.

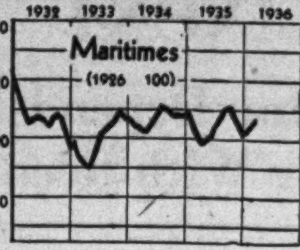
• • •

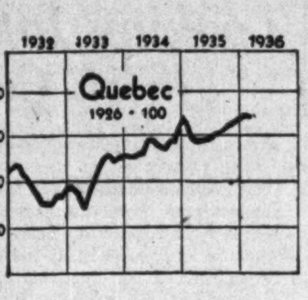
Alberta's Latest

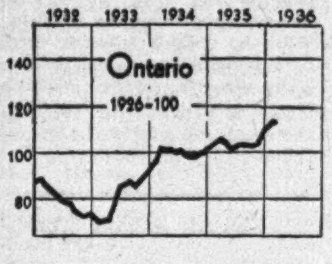
Part of the new regime in Alberta, according to Premier Aberhart, is the organization of new industries to process Alberta raw materials. This is to enable Alberta to avoid shipping its products to eastern Canada and buying them back as finished articles. The administration is not encouraging establishment in Alberta of branches of eastern industry, but an attempt will be made to have wholly new companies organized by experts in various lines of manufacture.

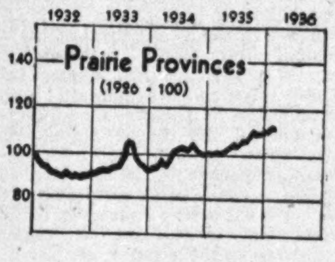
It is said the Government itself will not own the company or become a partner in it, but will advance loans to the new industry if necessary to enable it to start production. Such loans would be repaid out of profits of the factory.

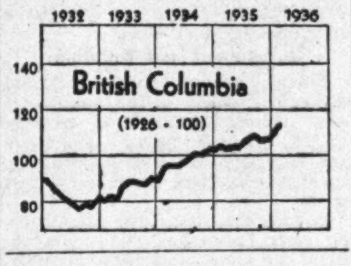
Business at a Glance











Better Grade Radio Sets Are in Demand

The far-reaching effect of price stability and demand for quality products are seen in figures of sales and production of radios in Canada in 1935.

Calendar year figures show production totalled almost 190,000 sets—an increase over 1933 of less than half of one per cent. Factory selling price, however, soared 50 per cent to $12.4 millions due to demand for better grade sets and the fact that cut-rate policies were largely eliminated during the year.

Similarly, actual producer sales numbered 190,289 sets—a gain of 14 per cent over 1934, but these machines had a selling value of $16.5 millions—a jump of 125 per cent on the previous year.

Steamship Service Upset by Boat's Loss

The Australia and New Zealand Steamship Services, formerly operated by Canadian National Steamships (C.G.M.M.), are soon to be operated by Montreal-Australia-New Zealand Line Ltd. F. G. Wood is general manager.

The service was to have been inaugurated from Montreal, May 22, by S. S. Canadian Planter, which sank in the Atlantic after a collision May 3. At the time of the collision the boat was en route to Montreal to be turned over to her new owners.

Gasoline Sales Show Increase in Canada

Official figures from Ottawa this week confirm The Financial Post Business Year Book's estimate that gasoline sales in Canada increased seven per cent during 1935.

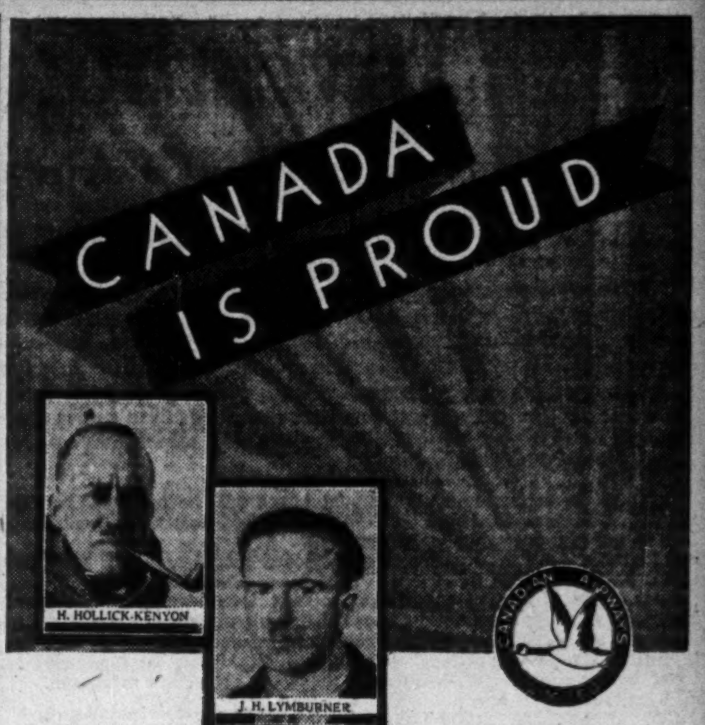
Official figures for the year are 573,652,000 Imperial gallons, compared with 534,782,000 gallons in 1934. Almost half the total (272,681,000 gallons) was sold in Ontario—an increase of eight per cent. Quebec consumption at 102,178,000 gallons rose nine per cent.

Commodity Prices

	Latest week	Previous week	Same week last yr.
Cattle	$6.50	$6.25	$8.25
Hogs	9.00	9.00	9.60
Copper, lb.	.09½	.09½	.09
Cotton, lb.	.1161	.1183	.1230
Rubber, lb.	.1578	.16	.1150
Sugar, raw, lb.	.0375	.0375	.0325
Silk, lb.	1.65	1.62	1.39
Wheat (Man.) bus.	.77⅞	.79⅝	.87½
Coffee, lb.	.06⅞	.06⅞	.07⅛
Weekly Indices			
N. Y. Annalist	123.1	123.9	128.6
Fishers'	82.2	82.5	82.1
N. Y. Journal of Comm.	79.3	80.3	79.7
Crumps (Brit.)	68.2	67.5	63.9
U. S. Labor	79.6	79.7	80.3
Canada (D.B.S.)	72.3	72.2	72.7
Monthly Indices	Latest month	Prev. month	Same last year
Canada (D.B.S.)			
Retail (Mar.)	80.5	80.4	78.8
W'sale (Mar.)	72.4	72.5	71.9
U. S. Labor (Feb.)	80.6	80.6	79.5
Gt. Brit. (Feb.)	76.7	77.2	71.8

Note: The base of indices is that 1926 equals 100. British index is Economist converted to 1929 base.

Base of price quotations is as follows: cattle—steers, good, over 1,050 lb., top price. Toronto: copper—electrolytic, New York: silk—Japanese, 13-15. New York: Sugar — 96 degrees centrifugal c/f New York: wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; hides—heavy native steers; select bacons, Toronto.



WELCOME HOME
After months of hardship in Antarctic polar regions, a unique and historic flight has been completed.
Canada is proud of her pilots, whose qualities have been so worthily exemplified by Messrs Hollick-Kenyon and Lymburner.

To ENGLAND & FRANCE
S.S. Normandie
LEAVING NEW YORK TUESDAY MAY 12
3 classes, Cabin, Tourist, Third on world's largest and fastest ship. Atmosphere of France afloat. Luxurious cuisine. Take your car as baggage.
Other sailings: Champlain, May 23; Normandie, May 26; Paris, June 6; Ile de France, June 11
See your Travel Agent or
French Line
53 Richmond Street W., Toronto
1196 Phillips Place, Montreal

Correspondents
THE KENTERNE TRUST LIMITED
London, Eng.
MANNING & CO. LIMITED
Barbados, B.W.I.
AGOSTINI BROS.
Trinidad, B.W.I.
JOHNSON & COOPER
Bermuda

W.C. Pitfield & Company
Limited
INVESTMENT SECURITIES
—
Head Office
235 St. James Street West
MArquette 9321
MONTREAL
Private Wire—Halifax to Vancouver, with connection at Saint John, Montreal, Ottawa, Toronto, New York, Winnipeg and Calgary.

Branches
VANCOUVER
TORONTO
OTTAWA
QUEBEC
SAINT JOHN
MONCTON
FREDERICTON
CAMPBELLTON
CHARLOTTETOWN
HALIFAX

SHAREHOLDERS' RISK INSURANCE

$4,750,000,000 are Invested in Canadian Industries

What insurance does the management offer to investors whose capital is needed in its business?

There is some type of insurance for almost every kind of risk—against the hazards of fire, wind, accident, life, theft, injury, even old age. The whole world has become insurance minded. But what protection is offered to shareholders?

Business executives buy insurance coverage on buildings, equipment, materials and on the lives of principal directors of their activities. What insurance have the shareholders that the present management will continue in control of the business? Many a profitable business has failed through change of management.

To insure the continuous profitable return from business investments is to place definite controls over every item of expense. Then, make each department head responsible to management for keeping expenses in proper balance with plant activities. Such controls, based on reasonable profits to capital risk, protect the continuous earnings of shareholders.

A Credit Indemnity Company, with a national reputation, reports the Business Mortality Age at fourteen years. Managements' scientific control of all expense items is the only insurance for business longevity.

HAVE OUR COMPANY MAKE AN EXPENSE ANALYSIS OF YOUR BUSINESS.

GEORGE S. MAY LIMITED
18 Toronto St., Toronto
CHICAGO, ILL.: *2600 North Shore Ave.*
SEATTLE, WASH.: *710 Second Ave.*
NEW YORK, N.Y.: *122 E. 42nd St.*
HUGO, OKLA.: *P. O. Box 43*

Investing for the Next Five Years

What's Ahead for the Investor Depends on Economic, Financial and Political Forces With Recovery Dominant

Without extravagance or dogmatism of assertions, this series of articles is intended to give the investor guidance as to the possible and probable influences on his holdings between 1936 and 1941. The first article, herewith, paints the present background of recovery and outlines general principles. Specific investment problems and possible opportunities will be dealt with in succeeding articles, which will appear regularly in The Financial Post.

Business is better, much better, than it was three years ago.

It is not unreasonable to expect considerable further improvement in the next five years.

In the light of present conditions, however, recovery may take directions not suspected by the average investor. These conditions arise from three spheres of influence: economic, financial and political.

Only a charlatan would venture to predict exactly what the next five years holds for individual investments. The thinking investor, however, should be able to profit by intelligent appraisal of present trends and possible future influences in the investment field. By applying rational conclusions to a diversified investment policy, satisfactory if not spectacular results in income and value should be attainable.

Economic Forces

What are the economic forces pointing to further recovery in the next five years?

First there are the shortages that have been created by deferment of buying while goods and equipment have been wearing out. The eventual effect will be for this abnormal accumulated demand to make itself felt.

Roofs, machinery, and what not, have been wearing out. Patch-work repairs have been keeping depreciated equipment in use. Even in such semi-perishable things as clothing, there has been a tendency for people to do with a minimum.

Growth of Population

An influence that should tend to stimulate the deferred demand is the growth of population, in Canada estimated at over 500,000 since the 1931 census and likely to raise the population above 11,000,000 by 1941.

Deferment of buying has been particularly marked in durable goods which have been made to last without proper replacement in the depression. For instance, western Canada has been harvesting crops with worn-out machinery. Then there is housing. Despite the growth of population in Canada, there has been no major increase in dwellings. Newly erected buildings are being occupied. Vacancies are few.

Unfortunately, there appears to be a likelihood of deferment of long-range planning of major corporation construction, partly because of political and financial uncertainty. Nevertheless, it has been predicted that a housing boom of from 6 to 9 years duration may develop.

Obsolescence and Trade

Obsolescence contributes to the volume of the latent demand for goods which should be felt before 1941. Like deferment of replacements, it is particularly apparent in durable goods. While many lines of perishable goods have been replaced of necessity, semi-permanent and capital equipment has been allowed to get behind the times.

The low volume of international trade is one of the signs that prosperity has not returned on an international scale. Yet it also shows the wide scope still remaining for business recovery. Pronounced revival of international trade should be directly beneficial to transportation industries and may also be an important contributory factor in raising commodity prices in the next five years.

Another economic influence toward greater prosperity is recovery itself. Growth of income leads to increasing business activity; and higher activity to further gains in income. Like the forces of deflation and depression, the forces of recovery are cumulative and feed off themselves.

These then are major economic influences toward expansion of the partial recovery that has occurred between 1932 and 1936. Most of these forces should be effective before 1941. The full impact would probably effect an increase in business activity above the boom levels of 1928 and 1929. While such a possibility may take several years to develop, the effects on security values and returns would be of vital importance.

Financial Influences

Four financial factors appear most likely to have major bearing on investments in the coming five years. First there is the international expansion of credit; in character inflationary. Associated with credit inflation are heavily unbalanced government budgets. Then there is currency devaluation and instability of currencies. Finally there is the investment field itself which is notable at present for the comparatively small volume of new securities being created.

An insight into the credit situation in Canada, Great Britain and the United States is given in the letter of The Royal Bank of Canada for May, which states:

"In Canada, bank reserves may be described at present as slightly more than ample, and as long as this continues we may expect a steady growth (of deposits) in this country. A similar condition is present in Great Britain, but very large additions to bank reserves would have to be created in both Canada and Great Britain to bring about a situation at all comparable with that of the United States.

"It is, of course, possible that before the serious danger of absolute inflation occurs in the United States, something will be done by the central monetary authorities to reduce redundant reserves. The problem, however, is not urgent because neither prices of commodities nor volume of business have been restored to anything like normal, to say nothing of the backed-up demand of the depression years."

International Finance

Inflationary credit situations exist in Japan, Germany and Italy because of armaments expenditures. The huge deficits in the United States, and the comparatively large ones in Canadian government finance are also inflationary in character. These developments have been possible partly because of instability of currencies.

Just now little is heard of the question of currencies except for the possible devaluation of the French franc. However, the U. S. dollar and other currencies have actually been devalued in terms of gold. Other currencies, notably those of the British countries, have been allowed to sink in terms of gold without actual devaluation. However, it amounts to much the same thing.

Suppose France were to devalue the franc, an event expected almost any time soon. Temporarily it might mean liquidation of securities and depression of prices. In the long run, however, it might lead to at least temporary stabilization of most major currencies.

Conservatism to Inflation

If currencies were stabilized in terms of gold, it would tend to improve international trade by removing the risk of fluctuating money. It would appear to be a move to conservatism in international finance. Actually, however, the consequence might be to reestablish confidence and thereby let loose the very inflationary flood waters that have been dammed up in one country after another but which have failed to break loose because of isolation. This is a possibility, if not a probability, in the next five years. The probable effect would be to stimulate industrial activity and to raise share prices.

Then there are unbalanced budgets. Because of these, there is the possibility of a government financial crisis in Canada within five years. Some providential development may prevent it. Or the budgets may be balanced.

Unless this situation is corrected, however, it holds possibilities of a decline for the Canadian dollar and of lower bond prices.

Interest and Bonds

Expansion of credit has reduced interest rates and raised bond prices to what a few years ago would have seemed fantastic heights. While a financial crisis would weaken bonds in Canada, the ultimate consequence of its cure might well be restoration of high prices.

Apart from a possible crisis, there remain the ample reserves of capital which are still expanding. These promise to maintain high bond prices in Canada, Great Britain and in the United States. As and when business improves, increasing borrowing is expected to stiffen interest rates and hence to reduce bond prices somewhat. However, the large size of credit resources could stand a great deal of additional expansion without a sharp decline for bonds.

Investment and Building

Finally among these financial influences, there is the volume of new investment. This is directly related to the "heavy" industries and capital goods, such as building, construction, steel, machinery, and so on.

At present, there are practically no new securities being created. Bond and stock issues have recently been mostly for refinancing old obligations. This means that major works are not being undertaken to any great extent. The accumulated demand, however, should eventually result in expenditures on such things. Then new securities would come into the market in some volume. When this occurs it will be a sign that full prosperity has arrived.

Politics is Bug Bear

If only economic and financial factors concerned the investor the picture would be fairly clear. The outlook for five years ahead could be outlined as one of high bond prices, improving corporate earnings and rising stock prices particularly for shares of firms producing durable goods. Unfortunately, however, the political scene is obscure and bears promise of hidden dangers.

War or peace? This is a question of vital importance in the investment field. The question is really whether the inequalities of the Versailles Treaty can be liquidated or smoothed over in the next five years without leading to armed conflict in Europe.

It is vain to guess whether another European war will occur within five years. However, it appears fairly certain that major political disturbances in Europe can be expected to threaten investment values from time to time. Only slightly less important is Russo-Japanese friction which is viewed as more likely to cause an outburst of the war flame than even European unrest.

The broad effect of war wherever it occurs is inflationary. It tends to cause scarcity of goods and rising commodity prices. The purchasing power of money is reduced and bond values may decline. At the same time, share prices may rise but on the whole not much more than enough to offset the depreciation of the value of money.

Politics in Peace

Against the possibility of war, is the political unrest of peace. Higher taxes are coming in Canada and the United States, almost for sure. The effect is to burden holders of stocks as well as bonds. In fact socialistic taxation in the United States appears to be aimed directly at owners of equities in the form of stocks.

The redistribution of wealth is likely to continue as a thinly veiled aim of political policy for some time, to the detriment of the investor. It may leave equities less guarded against the perils of the next depression. Railways, public utilities and big industries generally appear to be the targets of socialist taxation.

Tariff unsettlement has caused some business uncertainty in Canada in recent months. However, many of the important tariff changes have now been made. Renewal of the Empire Trade agreements in 1937 would go a long way to remove tariffs as potential disturbers of investments in this country.

Depending on the distance recovery has run provincial politics may exert important influences on investment in the coming five years. Every province will have had an election campaign. There will be a new government at Ottawa. Franklin D. Roosevelt is unlikely to be president of the United States five years from now.

The greater the measure of prosperity before all these elections take place, the less the disturbance is likely to be. Politics become more conservative in prosperity than in depression.

Despite political dangers in the investment field, the forces for recovery appear more powerful than those they must overcome. From the investor's viewpoint, the important probability in further recovery is that it should tend to increase returns from high quality common stocks. This is illustrated in the following tabulation:

Improvement in Values

	1936	1933	Gain
Government bonds ..	114	100	14%
Corporation bonds ...	105	60	75%
Industrial stocks	120	50	140%
Mining stocks	145	65	123%

It is apparent that bond prices cannot rise much above present levels. The same is true of the highest quality preferred shares already above "par." The table shows the greater rise that has already occurred in prices of stocks.

If recovery continues, bondholders must expect some reduction of income while high-coupon issues are being converted. Meanwhile there can be little hope for them of higher values.

Holders of common shares, on the other hand, have reason to expect higher dividends as recovery progresses

Professional investment men, including large institutional investors, doubt whether interest rates on the highest quality bonds will decline much farther. Prices, they think, may run along on a high plane for some time, but will not improve greatly on the present levels which are the highest in a generation.

Looking several years ahead, opportunities for price improvement in bonds are seen for some depreciated issues, or convertible securities. If interest rates were to rise, this would lower gilt-edged bonds. Yet better earnings and increased capacity to pay, arising out of further economic recovery, should tend to improve prices for depreciated bonds.

Looking Into the Future With Careful Investors

Study of the investment outlook for 1936-41 leads to suggestion of the following principles:

1. There can be no substitute for high quality government or corporation bonds in an investment portfolio where liquidity of principal is a primary requirement; however, purchase of short or medium-term issues is advised even at the expense of part of income.
2. Opportunities for appreciation in value and income for bonds and preferred shares appear to lie chiefly in issues that are still depreciated because they carry special risks, or in issues that carry conversion, income or participating features.
3. With the outlook favoring further recovery, irregular though it may be, it is reasonable to hold a larger than normal proportion of carefully-selected common shares; purchases being advised at the lowest possible levels—in periods when stock markets are being adjusted downward—and consisting chiefly of stocks upon which actual or prospective income is reasonably attractive.

Twenty-Third Annual Financial Statement and Directors' Report

WESTERN GROCERS

LIMITED

At the Annual General Meeting of the Shareholders of Western Grocers Limited, held at the Head Office of the Company, the Directors' Annual Report and Statement for the year ended December 31st, 1935, was presented and approved.

The Directors, W. P. Riley, W. H. McWilliams, H. W. Hutchinson, Frank O. Fowler and James A. Richardson, were re-elected, and at a meeting of the Board following the shareholders' meeting, the officers of the Company were re-elected.

The Directors' Report follows:

REPORT TO SHAREHOLDERS

Your Directors present herein the Twenty-third Annual Report for the fiscal year ended December 31, 1935, together with a Balance Sheet showing the financial condition of the Company at the close of the year, a statement of Earned Surplus and Profits, also the Auditors' Report.

STATEMENT OF PROFITS FOR YEAR ENDED 31ST DECEMBER, 1935, AND OF EARNED SURPLUS ACCOUNT

Profit for the Year before taking into account the undermentioned charges		$ 296,707.09
Deduct		128,921.72
Depreciation	$ 29,138.75	
Executive Officers' Salaries	47,970.13	
Directors' Fees	4,000.00	
Legal Fees	625.84	
Provision for Income Tax	47,187.00	
	$128,921.72	
Net Profit for Year transferred to Earned Surplus		$ 167,785.37
Earned Surplus		378,918.30
Balance at 31st December, 1934	$378,679.64	
Add Previous Year's Adjustments	238.66	
	$378,918.30	
		$546,703.67
Dividends for 1935		117,487.00
Preferred Shares	$ 83,601.00	
Common Shares	33,886.00	
	$117,487.00	
Earned Surplus-Balance 31st December, 1935		$ 429,216.67

The sales volume for the year 1935 showed a slight increase over that of the year 1934, and with due regard to the conditions prevailing in Western Canada, the operating income was in reasonable relationship to the turnover.

Inventories were taken in the usual conservative manner at cost or market, whichever was lower, and in the view of your Directors, adequate provision has been made for possible losses on Customers' Accounts Receivable.

In the month of October, 1935, your Company acquired control, by purchase, of all the issued Common Shares, of H. H. Cooper Limited, a wholesale grocery firm doing business in the City of Edmonton, Alberta. This outlet, your Directors believe, will, in due course, prove of great advantage to your Company. H. H. Cooper Limited have no bonded indebtedness and no fixed assets in real estate or buildings.

Your wholly owned subsidiary, Dominion Fruit Limited, earned a net profit in 1935, which profit, however, has not been reflected in the accounts of the parent Company, it being considered advisable to continue to strengthen the position of your subsidiary. Dominion Fruit Limited also showed an increase in sales volume for the year 1935.

Both the parent Company and Dominion Fruit Limited ended the year with no bank obligations, and, in the opinion of your Directors, the Companies are in satisfactory liquid condition.

The Red & White stores are independently owned by customers of the Company, who work closely with your management under the Red & White plan of merchandising. Giving due consideration to the general situation, the Red and White stores continue to maintain their volume.

Balance Sheet as at 31st December, 1935

ASSETS

Current Assets			$ 1,945,547.02
Cash on Hand and in Banks		$ 86,935.29	
Customers' Accounts Receivable after providing for possible losses		768,974.71	
Advances on Merchandise and Sundry Debtors		41,008.99	
Customs Deposits		4,465.00	
Merchandise—Per Inventories as determined and certified by the Management on basis of cost or market, whichever was the lower		1,044,163.03	
		$1,945,547.02	
Prepaid Expenses			11,789.09
Investments			459,767.47
In wholly owned or controlled Subsidiary Companies at cost less capital repayments		$ 456,667.47	
Shares in Associated Company at cost		3,100.00	
		$ 459,767.47	
Fixed Assets			850,588.74
Real Estate and Buildings at cost less depreciation and less amounts written off		815,861.15	
Plant and Equipment at cost less depreciation		34,727.59	
		$ 850,588.74	
			$ 3,267,692.32

LIABILITIES

Current Liabilities			$ 521,312.91
Accounts and Bills Payable		$ 437,382.41	
Provision for Dominion and Provincial Income Taxes (re 1935 and prior years)		53,500.00	
Dividends payable 15th January, 1936		29,371.75	
On Preferred Shares	$20,900.25		
On Common Shares	8,471.50		
	$29,371.75		
Dividends previously declared and still unclaimed		1,058.75	
		$ 521,312.91	
Reserve for Contingencies			100,000.00
Capital Stock			2,217,162.74
Authorized:			
7% Cumulative Preference Shares of $100.00 each — 25,000 Shares		$ 2,500,000.00	
Common Shares of No Par Value—30,000 Shares.			
Issued and Outstanding:			
7% Cumulative Preference Shares—11,943 Shares		$ 1,194,300.00	
Common Shares of No Par Value—16,943 Shares		1,022,862.74	
		$ 2,217,162.74	
Earned Surplus			429,216.67
			$ 3,267,692.32

Approved on behalf of the Board.

H. W. HUTCHINSON } Directors
FRANK O. FOWLER }

Contingent Liabilities Reported:
Guarantee of indebtedness, mainly in connection with subsidiaries, amounting to $242,904.66 at 31st December, 1935.

Auditors' Report to the Shareholders:

We have examined the books and accounts of Western Grocers Limited for the year ended 31st December, 1935, and, in accordance with the Dominion Companies Act, we report that we have obtained all the information and explanations we have required, and that, in our opinion, the accompanying Balance Sheet as at 31st December, 1935, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information, and the explanations given to us, and as shown by the books.

In accordance with Section 114 of said Act, we report that the profits of the subsidiary companies (one of which is wholly owned and the other controlled through ownership of all the Common Stock) have not been brought into the accounts of Western Grocers Limited.

(Signed) SHARP, WOODLEY & COMPANY,
Chartered Accountants.

HEAD OFFICE, WINNIPEG, MANITOBA.
Branches:
Calgary, Edmonton and Lethbridge in Alberta; Moose Jaw, North Battleford, Prince Albert, Regina, Saskatoon and Yorkton in Saskatchewan. Brandon, Dauphin, The Pas and Winnipeg in Manitoba. Fort Frances, Kenora and Port Arthur in Ontario.

Make sure your protection lives after you. Make a will under your lawyer's supervision and name as executor and trustee **THE CANADA PERMANENT TRUST COMPANY.** Your family will then be safeguarded by a permanent, responsible institution, specializing in the administration of estates. The officers of the Company invite you to confer with them.

13

Bay and Adelaide Streets - - Toronto, Ontario

G. S. HOLMESTED
Licensed Trustee in Bankruptcy
Liquidator, Receiver, Etc.
McKINNON BUILDING - TORONTO, ONT.

Now THE SAFEST TIRE EVER BUILT

ALL THESE EXTRA SAFETY FEATURES AT NO EXTRA COST!

Firestone tires have always been noted for their safety and long wear. Now, with an extra rider strip in the tread in addition to all the other extra safety features, the new High Speed for 1936 is *the safest tire ever built!*

Performance records *prove* that Firestone tires give most value for your money. They cost no more than ordinary tires and your nearest Firestone Dealer has a tire for every purse. See him today. Specify Firestone tires on your new car.

New Extra Rider Strip

2 Extra Cord Plies Under the Tread

Gum-Dipped Cords 58% Stronger

Scientifically Designed Safety Tread

DRIVE SAFELY

Never pass another car on a hill—you don't know what may be coming on the other side. Better take a few moments longer and add years to your life.

USE CARE, COMMON SENSE and

Firestone

Safest tires ever built HIGH SPEED TIRES

THE LONDON AND WESTERN TRUSTS CO. LIMITED
Established 1896
Executors, Administrators, Etc.
Offices at: London, Toronto, Windsor
Winnipeg, Vancouver.

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED DEBENTURES ISSUED
Mortgage loans on owners' homes at low rates of interest
Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select lists of securities; express opinions; or make forecasts.

Three-cent stamp must be enclosed. Address The Financial Post, 481 University Ave., Toronto.

Hightower Oil

A salesman from Bonded Corp. has been pressing me to buy some Hightower Oil Refining Co. stock. One unit of two preferred shares and one common share sells for $21. He informs me that I would obtain an 8½ per cent dividend on my investment. What is the position of this company?

We are unable to give an informed view of the position and operations of Hightower Oil Refining Co. in the absence of a detailed statement of the company's assets and earnings. We have endeavored to obtain a financial statement from the company but none has been made public. The fact that the company is paying dividends, in the absence of a financial statement, is not sufficient information to justify the purchase of its shares as an investment. The company's stock is not listed so that there is no official market for its securities.

Imperial Oil

Do you consider Imperial Oil Ltd. stock a good investment?

Imperial Oil is the leading oil company in Canada and financially is one of the soundest of Canadian companies. It is, however, a world company when one considers the source of its earnings. It earns less than one-eighth of its present dividend disbursement in Canada. The chief contributor to its earnings is International Petroleum, which is paying a dividend of $2.50 a share annually. Last year, however, $1 a share of this disbursement came from earned surplus. It would be possible for the company to continue to draw on surplus to this extent for a period of 5 years.

Goodyear vs. Geo. Weston

I have a small block of Goodyear Tire and Rubber Co. common stock and have been advised to exchange it for George Weston Ltd. common. I would like a brief comparison of the position of the two companies.

There are outstanding 257,260 shares of Goodyear Tire & Rubber Co. common stock. The market at the present time is about $60 a share. The company earned $4.12 a share on its common stock in 1935, and $3.59 a share in 1934. The equity behind this stock amounts to $30.12 a share. The company enjoys an exceptionally strong working capital position, current assets exceeding current liabilities by $8.4 millions.

George Weston Ltd. has 375,882 shares of common stock outstanding. The stock is quoted at $15. It earned $1.08 a share in 1935 and $1.04 a share in 1934. The equity behind the stock is $8.31 a share. The company has working capital of $1.1 million. This is being increased by $625,000 through the sale to shareholders of the common stock of George Weston Foods Ltd., its English holding company.

Both companies are well established and have good dividend records. Goodyear Tire has definite leadership in the tire and rubber industry in Canada. George Weston Ltd., though surprisingly successful in the last 10 years, is not the leading biscuit manufacturer. The company has expanded during the depression, and is reported to be making profits in every department. It has large interests in the United States as well as in Canada.

The choice seems to be one of personal opinion as to whether or not the tire and rubber industry is likely to improve more than the cake and bread industry. The latter has not been particularly healthy during the past decade, though George Weston has expanded quickly. Both companies have lots of competition.

United Fuel Investments

I am interested in the preferred stock of United Fuel Investments. I would appreciate some information on the company's earnings and operations.

United Fuel Investments has $9 millions of 6 per cent cumulative preferred stock, par value $100 a share. This comes after $450,000 of 6½ per cent general mortgage bonds, which are owned by the parent company, Union Gas Co.

United Fuel Investments is a holding company, and depends for its income on the earnings of its subsidiaries, Hamilton By-Products Coke Ovens Ltd., United Fuel and Gas Co. of Hamilton and United Suburban Gas Co.

Earnings shown in the consolidated statement of United Fuel Investments for the year ended March 31, 1935, amounted to $2.38 a share on the preferred stock. Back in 1929, the company earned $6.22 a share on this stock, and in 1930, $7.66 a share. Since that time the largest amount earned has been $3.07 a share in 1931.

Report for the year ended March 31, 1936, is not likely to be available before June. An interim statement for the six months ended Sept. 30, 1935, showed that consolidated operating profits after depreciation, bond interest and income taxes were $286,386, compared with $350,932 for the same period of 1934. It may be that this drop in revenue has been made up during the winter months. The winter was long and severe, and this has probably led to a large consumption of coke and gas

During the year, the bonds of Hamilton By-Products Coke Ovens were converted into securities bearing a lower rate of interest. This should benefit the company in the future. The consolidated working capital position of the company is excellent. A statement issued at Sept. 30, 1935, indicates that most of it belongs to its subsidiary, Hamilton By-Products Coke Ovens.

Corrugated Paper Box Co.

What do you think of Corrugated Paper Box Co. 7 per cent preferred as an investment?

The earnings record of Corrugated Paper Box Co. does not indicate that the company's preferred stock can be placed in a high grade investment class. Recently, however, operations have shown considerable improvement and earnings in the past two years have been more than sufficient to cover full dividend requirements on the preferred. If business recovery continues, it is possible that the company will be able not only to pay the full dividend on its preferred, but also to liquidate its funding certificates issued early this year in settlement of preferred dividend arrears.

Incorporated in 1928 to acquire a company of the same name, the company paid the full preference dividend in 1929, but only $3.50 in 1930. In the years 1931 to 1934, inclusive, no dividends were paid. In 1935, $5.25 a share was paid. Early this year, preferred dividend arrears of $33.25 a share were settled through the issue of funding certificates. A sinking fund for the redemption of these certificates is provided in any year that net profits have not been less than $45,000.

In 1935, net profit was equivalent to $8.92 a share on the preferred stock, compared with $7.62 in 1934. Working capital has also shown improvement, amounting to $317,898 at the end of 1935.

Union Gas Co.

I have been advised to buy the common stock of Union Gas Co., as a speculative issue. Would you be good enough to give me some information regarding its present earnings and future prospects?

Report of Union Gas Co. of Canada for the year ended March 31, 1936, should be available in a month or so. The company refunded more than $7 millions of outstanding bonds of itself and subsidiaries during the past year, and paid off a large amount of bank indebtedness. This will result in a considerable saving in interest, and should make something more available for the common stock. The recent action of the company's board of directors in placing dividends on a quarterly basis is indicative of the improvement in the company's ooperations. A dividend of 10 cents a share is payable June 15, and it is hoped that quarterly payments at this rate will be continued. Certainly, however, disbursements will be considerably higher than last year, when only 10 cents a share was paid.

In October, 1935, the company commenced selling of natural gas instead of artificial gas in London, Ont. It is believed this has made a favorable addition to profits of the company.

Union Gas Co. is well managed and executives hope for increased earnings as they extend their natural gas operations. There was a slight deficit in working capital at Sept. 30, 1935. This is not necessarily very important in the case of a company which is collecting accounts on a monthly basis through most subsidiaries.

Godfrey Realty

I hold a $500 bond of Godfrey Realty. What can I sell this for at the present time? Is the position of the company improving?

Godfrey Realty bonds are quoted at 46 bid, 47 asked, which means that you could realize about $230 on your $500 bond.

There has been little change in the company's position recently. For the year ended April 30, earnings will be about the same as in the previous year. In 1935, the company made a 3 per cent payment to bondholders, and it is probable that the same amount will be paid in 1936. It does not appear that an increase in this rate will be possible in the near future. Rentals of the company remain at a low level.

Rackets

Business to Blame

SAID Louis J. Flint, executive secretary of the Citizens' Committee of Detroit, recently: "Businessmen of Canada and the United States are responsible for 90 per cent of the major crimes throughout the continent.

"At the same time, businessmen are the greatest suckers in the world," he added. Mr. Flint has talked to hundreds of major criminals, he told a meeting of retail merchants in Windsor, Ont. Of each criminal he asked: "How did you start your career of crime?"

In almost every instance the answer was the same: "I began by selling fake magazine subscriptions."

Magazine subscription rackets soon pall on the budding criminal, who seeks something with more profit.

"Businessmen," said Mr. Flint, "are responsible for most of this rise in crime, because, being the greatest suckers in the world, they give subscriptions, advertisements, and money to every canvasser who asks. They do not stop to investigate, to ring up their chamber of commerce and find out whether the solicitor is bona fide. They are either too lazy or else they shirk the embarrassment of police investigations. Hence, they are financing crime."

• • •

Investigate!

COMPLETE investigation of canvassers attempting to sell subscriptions and advertising in publications whose background is obscure is urged by the Detroit criminologist. "If you were to put the advertisements you place in these racketeering magazines into newspapers or magazines of standing, you would get a thousand times more results," he informed his audience of retail merchants.

He added, "Our greatest fight in Detroit is not to keep racketeers out of business, but to keep business men out of rackets."

Security Analysis

Dominion Tar

Recovery in Earnings and Future Prospects Draw Attention to Preferred Stock

From Our Own Correspondent

MONTREAL. — Within the last three years Dominion Tar and Chemical Co. has improved earnings on its 6½ per cent preferred stock by over $10.50 a share; in 1933 there was a deficit of $6.33 and in 1935 a profit of $4.37 a share. This stock is currently selling around 77, against which there are arrears of dividends amounting to $24.37 a share.

In years past Dominion Tar has reported substantial earnings and has been liberal in distributing surplus income to shareholders.

Several years ago the company was sold to a new company of the same name, and refinanced on a much larger basis. Consequently when the depression set in, earnings were insufficient to take care of depreciation, interest charges and dividends on the preferred stock. However obligations in respect to bonded debt were met in full, but preferred stock dividends have accumulated since May 1, 1932.

Two years ago the company's earnings started to show an upward trend and in 1934 there was a deficit of $1.77 a share on the preferred stock. The recovery continued in 1935 and a profit of $4.37 a share was shown in the statement.

While income of late has not been sufficient to warrant resumption of dividends, there is talk of a capital reorganization being effected which will eliminate arrears and place the company in a position to resume dividends on a regular basis.

The manner in which earnings on the preferred stock have declined and recovered is shown in the following table covering returns for the last seven years:

	Preferred share earnings
1929	$18.39
1930	15.72
1931	6.61
1932	0.17
1933	—6.33
1934	—1.77
1935	4.37

Prospects Appear Good

Prospects of Dominion Tar appear favorable as under normal conditions the company could earn its bond interest and preferred stock dividends without trouble.

Operations were carried on in practically all provinces of the Dominion. The major activity is the creosoting of different types of wood products such as railway ties, poles, bridge timber, etc. Another important division is the production of tar acids, phenols, pitch, and road tar. In addition, Dominion Tar, through subsidiaries, manufactures a complete range of building materials.

Show More Activity

While the creosoting business picked up last year, the volume of orders was far below normal. This department is very largely dependent on the railway and telephone companies, which, so far, have not re-entered the market in any large way. The other lines of business handled by the company, namely, tar and other allied products, have been a steady source of profit and are capable of much larger development under more normal business conditions.

From results obtained in past years, it is reasonable to assume that with a more general revival of conditions in the heavy industries, Dominion Tar should be able to report substantially larger earnings. When that happens, and possibly before, arrangements can be made for eliminating dividend arrears on the preferred stock, with a consequent improvement in the market value of the shares.

Canada's Butter Output

The make of creamery butter in Canada during the first quarter of the year showed an increase in the case of every province, over the same period of last year, ranging from a gain of 1.3 per cent in Quebec to 48.6 per cent in British Columbia.

STOCKS LISTED AND UNLISTED BONDS

Hambly, Peaker & Trent

Members
THE TORONTO STOCK EXCHANGE

613 DOMINION BANK BUILDING
TORONTO
Elgin 3294

Company Acts Curb Auditor

Must Give Certificate Even If Greater Disclosure Desirable

By R. G. H. SMAILS
Queen's University, Kingston

Laymen often fail to realize that an auditor's report upon the balance sheet of a company cannot repair the deficiencies of the particular Companies Act in conformity with which the report was prepared. Having made this mistake they quite naturally fall into the further error of visiting upon the auditor the sins or omissions of the legislator.

Frank Talking

The situation is well illustrated by the recent notorious case of Tube Investments, Ltd., a very large and important British holding company. The balance sheet of the company had been audited by a well-known firm of chartered accountants who certified that in their opinion it exhibited a true and correct view of the state of the company's affairs.

The Financial Post of January 25, 1936, quoted the observations at the annual general meeting of the chairman, who bears a name highly respected in England. The following remarks in the course of this speech by Arthur Chamberlain are germane to this article:

> "I do not suppose there are many of my audience who are simple enough to believe that a company's accounts, particularly a holding company, set forth the actual and exact profits earned in each year. The items on which different views can be taken, sometimes with perfect honesty and sometimes with less, sometimes with prudent foresight, and sometimes with light-hearted lack of it, are legion, and between the two extremes I would almost undertake to draw up two balance sheets for the same company, both coming within an auditor's statutory certificate, in which practically the only recognizable items would be the name and the capital authorized and issued . . .
>
> ". . . . We do not bring into the balance sheet the whole of the profits our activities have created; we bring in only just so much as we require to pay the dividends we recommend, and to place to general reserve, or add to the carry-forward, so much as we consider will make a pretty balance sheet."

Auditors Not to Blame

The Chairman's remarks, as quoted, must, in the eyes of most laymen, have discredited completely the firm of auditors who had reported on the balance sheet. In reality they should do nothing of the kind, but rather demonstrate most effectively the glaring deficiencies of the British Companies Act with respect to the published accounts of holding companies. For that Act does not compel a holding company to take the profits and losses of subsidiaries into account nor even to reveal their amounts and hence does not empower an auditor to give this information when the directors decide to withhold it, no matter how convinced the auditor may be as to its urgency.

This illustration hinges on a particular feature of a particular Companies Act, but the moral to be drawn from it is one of universal application, viz., that the auditor is under a legal obligation to report, as in his opinion correct, any balance sheet which conforms with the requirements of the governing act no matter how inadequate those requirements may be. In other words the reliance that can be placed upon an auditor's report depends not only upon the professional reputation and integrity of the auditor concerned but also — and to an overwhelming extent—upon the quality of the legislation under which the company is operating.

Anyone who doubts this need only compare two audited balance sheets of a company incorporated under the Dominion Companies Act, the one dated prior and the other subsequent to the far-reaching amendments of 1934 and 1935. In each case the auditor has placed his professional reputation behind his report and has been equally anxious to serve not only his employers, the shareholders of the company, but also the public at large. But here the improved publicity requirements have so strengthened the auditor's hand that the later of the two balance sheets is likely to be vastly more informative than was the earlier one —though the auditor's report on both balance sheets may express unqualified approval in identical terms.

If the hand of the auditor under the Dominion Act is now reasonably strong, less can be said of the position under some of the provincial companies acts. In its issue of February 15 last The Financial Post criticized the proceedings at the annual meeting of a company incorporated under the Ontario Act and remarked that "this is another of the many indications of pressing need for revision of the Ontario Companies Act, so that information will be made public."

Gives All Law Wants

The president resented this reference to its affairs and is reported (in The Financial Post of February 22) as claiming that "the company gave to shareholders who asked for it all the information that is required to be given under the Ontario Companies Act," and as "considering that the company lives up to its duty to shareholders when it complies in all particulars with the Ontario Companies Act provisions." It is quite immaterial for present purposes whether, as of fact, information was lawfully withheld which should have been made public. The point is that the auditor of any company whose directors share the mentality of the directors of this company has, of legal necessity, and quite regardless of his personal convictions to certify the balance sheet of that company without qualification if it gives all the information required to be given by the Ontario Act. And so it is with others of the provincial companies acts.

If the lay public wants informative balance sheets and audit reports it must wake up to the fact that the value of an audit is conditioned by the laws under which limited liability companies operate and to the necessity of demanding corporation laws which will impose adequate publicity upon their creatures.

The Woman Investor

Life Insurance

PRESENTING its own peculiar investment problems is the position of a widow left with children of school age and a moderate income from her husband's estate.

Usually such an estate consists of bonds or other securities, in addition to the home, automobile and life insurance. If the income from the estate is sufficient to permit continuance of the same scale of living that existed during the life of the family bread-winner, no unusual investment problem develops.

In many cases however, loss of the father and husband depletes the family income to a point were the widow must either spend capital or change her standards of living.

She may, unwisely, speculate with the capital, replacing bonds or other high grade securities with speculative stocks. Or she may pursue a more conservative course in which the first step will be a careful appraisal of her husband's securities.

• • •

Conservative Investments

AS A man with earning power, there was no urgent need of the husband restricting his investments to those providing a maximum of safety. In the case of the widow the opposite is true. At the cost of an even still smaller income return she must consider safety of her capital as the paramount factor.

In doing so, the sale of semi-speculative securities out of the estate and their replacement with high grade, low-yield securities provide some assurance that her children can be supported—although perhaps on a less expensive scale—until they reach an age where they are self-supporting.

It is not a particularly cheerful prospect, but it represents the lesser of two evils for a woman faced with a definitely limited income and the responsibilities of the head of a family.

• • •

Bridging the Gap

YET, it can be materially brightened if insurance has constituted a substantial part of the husband's estate. Investment income from securities alone may be small and may continue meagre during the years while children are reaching the wage-earning age.

But if the husband has carried perhaps $10,000 in life insurance, the gap is bridged, and for the period of need his widow can arrange to receive annual payments of either interest or principal, according to her requirements.

An additional $1,000 a year from this source during the minority of children can be translated into peace of mind, assurance of proper education, an unimpaired living standard and the training necessary for children to become successfully self-sustaining in later years.

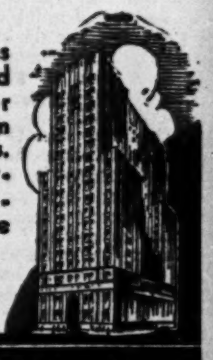
Investments in the average family rarely yield enough in themselves to achieve these objects, when the head of the family dies unexpectedly. Life insurance bridges the gap.

Corporation Securities

OUR May Booklet—INVESTMENTS—features a selected list of Corporation issues, yielding from 3.70% to 6.98%. and in addition a wide choice of Dominion, Provincial and Municipal Bonds.

Copies upon request.

DOMINION SECURITIES
CORPORATION LIMITED
TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
15 King Street West, Toronto



3½% INVESTMENT DEBENTURES

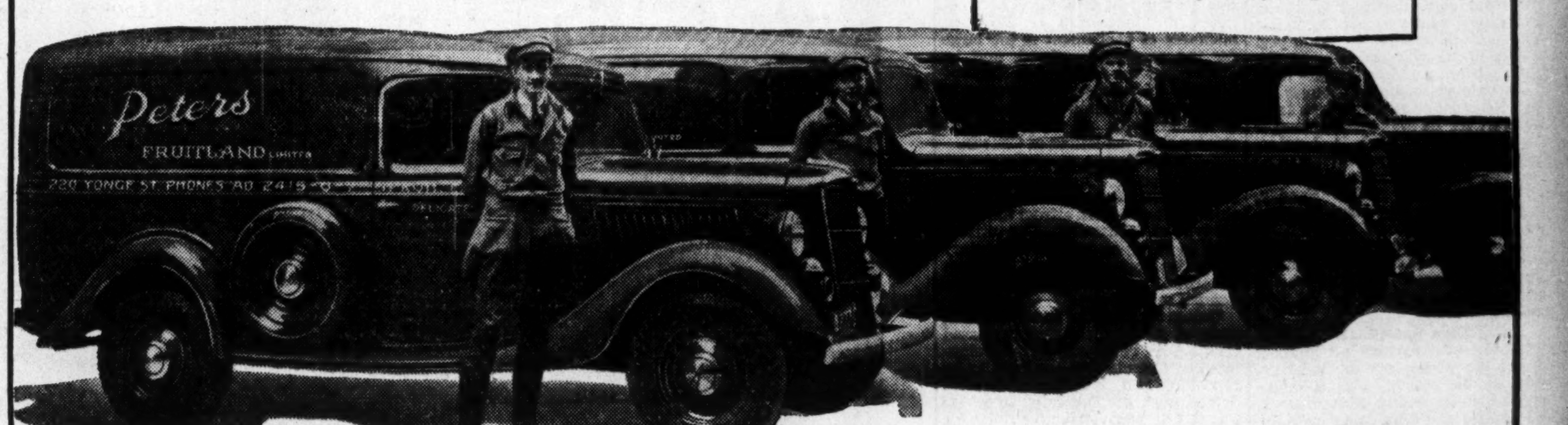
Issued in sums of $100 and upwards for terms of from 5 to 10 years. Canada Permanent debentures are a Trustee investment.

FOUNDED 1855

CANADA PERMANENT
Mortgage Corporation
320 Bay Street, Toronto
Assets exceed $69,000000

FLEET COST RECORDS PROVE V·8 ECONOMY. . . *Millions of service miles prove V·8 performance*

Below: This distinguished fleet of four 1936 Ford V-8 De Luxe Panel Delivery units gives Peters-Fruitland (Toronto) economical performance, and builds up store prestige.



There is no doubt about the economy and performance of the 1936 Ford V-8 Commercial Models. Fleet operators have proved them in the past on the road . . . Ford engineering has improved them for the future in the laboratory.

Heading the list of new refinements is improved Ford steering—with 17-to-1 ratio. All gears, including reverse, are now of the helical-cut, quiet type. Gear shifting is quick and quiet. The gear-shift lever throw is shorter. The larger radiator, new indented hood louvres and new four-blade 17-inch fan mounted close to and parallel with the radiator core give improved cooling. Appearance is more handsome for 1936.

In the last analysis, your own test of these Ford V-8 Commercial Models is the best test. Accept your dealer's invitation to try the Ford V-8 Commercial Model your job requires . . . with your own loads . . . on your own routes.

Left: The 1936 Ford V-8 Light Delivery is suited for all pick-up and fast delivery service. Load space measures 69 inches long, 46 inches wide, sides 14 inches high.

Right: The 1936 Ford V-8 Sedan Delivery is very handsomely styled. This unit is operated by Rivard Cleaners Limited (Windsor), for speedy delivery. Interior measures 65 inches long by 46¾ inches wide and 44 inches high. Passenger-car appointments.

1936 FORD V·8 Commercial MODELS

Be sure to see the 1936 FORD V·8 2-ton and 1½-ton Trucks

New B. C. Lieut.-Governor Is Typical Westerner

"Tammy" Hamber Well Known in Sporting and Industrial World

From Our Own Correspondent

VANCOUVER.—One of Western Canada's foremost business leaders was honored when Eric Werge "Tammy" Hamber was appointed lieutenant-governor of British Columbia. A pioneer in banking and lumbering, Mr. Hamber for years has been as well known in sporting realms on the Pacific coast as in commerce and industry.

Mr. Hamber succeeds J. W. Fordham Johnson, former directing head of the big B. C. Sugar (Rogers) Refineries in Vancouver.

Mr. Hamber is a true Westerner, a native of Winnipeg.

Since 1913 he has made his headquarters in Vancouver, directing his extensive lumbering interests. His father-in-law was the late John Hendry, veteran logger, who built up the B. C. Mills, Timber & Trading Company, one of the historic industrial concerns of the northwest.

HONORED

E. W. HAMBER

Who has been appointed lieutenant-governor of British Columbia.

Has Many Interests

He is still president of this big lumber organization and of the London & Canadian Investment Company, Ltd., of Consolidated Estates Ltd., and Middleboro Collieries, Ltd. He is a director of the Dominion Bank and a member of the advisory board of the Toronto General Trusts Corporation.

If "Tammy" Hamber knows the road to success it is because he has learned the importance of finding the right subordinate executives and leaving details to them. He has the reputation of being able to drive himself through a tremendous amount of work in a given time, but he is not the type of businessman who fusses and quibbles over minor matters. He has developed a keen sense of loyalty among employees of the companies in which he holds office. All his companies have a tradition of which he is proud, and with him the maintenance of that tradition is all-important. "The good of the company" is a phrase often quoted, and not haphazardly; it really means something in a Hamber enterprise.

"Tammy" was an athlete of note in his school days. Born in old St. John's, North Winnipeg, in 1880, the son of the headmaster of St. John's College, it was only natural that he received his schooling there. In fact, that was all the education he did get, although it was sufficient to get him the B.A. at the University of Manitoba, which in those days was a degree-conferring body only, with affiliated colleges of which St. John's was one.

Rowed With Argos

In athletics Hamber made his mark in hockey, football and rowing, and Joe Wright, Sr., the veteran Toronto sculler, is authority for the statement that the young man from Winnipeg was one of the greatest all-round athletes who ever took part in sport in Toronto. In 1903 the Argonaut crew, of which Hamber was a member, won the American championship in the first American Henley, and in the same year they broke the course record at Philadelphia. Hamber later won the Toronto city championship in rowing.

In his Toronto days he was an assistant inspector of the Dominion Bank. He had started as a junior in Winnipeg under the late Frank L. Parton. His banking career was almost phenomenal. Joining the bank in 1898 at $16.66 a month, Hamber was assistant inspector in Toronto four years later. He was transferred to Montreal where he held a similar office and then back to Winnipeg. In 1906-07 he was manager of the Calgary branch and four years later was promoted to the Vancouver office. He did not remain there long, however, for he was made manager of the Dominion Bank in London, England, the same year.

Before leaving Vancouver, however, he married Aldyn Hendry, daughter of the late John Hendry, and when he returned to the coast in 1913 he took over the general direction of all the Hendry lumber, logging and financial enterprises. On retirement from the bank he was made a director.

Keen Sportsman

He maintains his interest in sport despite his widespread business affiliations. He goes in for polo, yachting and the breeding of racehorses, and during the last few years the horses wearing the Hamber colors have distinguished themselves on many a western track.

With all his other contacts the new lieutenant-governor has found time to devote much of his energy to various community undertakings. He is president of the British Columbia Cancer Foundation and a governor of the University of British Columbia.

Collapse Seen In Reich Trade

Dr. Sigmund Samuel Believes Racial Persecution the Cause

Germany is approaching the end of the road in an economic and commercial sense, in the opinion of Dr. Sigmund Samuel, Canadian industrialist

Dr. Samuel, who recently returned from England, where he spends a part of each year, is a Torontonian whose views carry the weight of long observation of business condition here and abroad. He believes that the Jewish boycott of German trade will eventually spell the end of Germany as a major factor in world commerce.

"The Jews are not strong numerically, in relation to other races," Dr. Samuel says. "But their influence in the world's affairs is great and they are among the world's best buyers."

London Benefits

Jewish buyers who formerly converged on German industrial centres are turning to London, Dr. Samuel says, with the result that London is becoming an important buying centre of world trade while German cities are losing the business which Jews formerly brought.

In Canada, too, Jewish businessmen and manufacturers are refusing to accept German products. The indiscriminate persecution practised by the present German government has caused world-wide antagonism among Jews, whose weapon is an economic one.

Commenting on Canadian conditions, Dr. Samuel sees the need of government economy and simplification of existing unwieldy and expensive government machinery. He believes the indemnity of Canadian members of parliament is too large for the services rendered, and he emphasizes the fact that in England a single government has proven to be the practical method of governing a nation with a population far greater than the whole of Canada.

Need British-Canadians

If, in place of existing duplicating and overlapping government machinery, Canada can attract the highest type of British-Canadian citizenship to carry on her parliamentary tasks, the Dominion would be better governed, and at less cost, Dr. Samuel says.

Unless the existing trend of rising costs of government and increased taxation is reversed, full development of Canada will continue to be retarded, and business enterprise driven from the Dominion in an effort to find more attractive fields for investment, he believes.

PLAN RADIO-PHONES

From Our Own Correspondent

MONTREAL. — Telephonic communication between the south and north shores of the Lower St. Lawrence will shortly be established by Quebec Telephone and Power Co., through installation of radio telephone service. Plans have been accelerated by the Ontario Paper Co.'s development in that area.

Family Removals On Upward Scale

May 1 Sees Better Quarters for Most Movers

In nine out of ten cities reporting to the National Association of Real Estate Board, May 1, family removals this year were to more comfortable quarters. This fact, and also that there was less of a general upheaval on this historic moving date, is taken as an indication that rents are generally firmer.

Increases are estimated at from $2.50 to $5 a month, or from five to ten per cent, with sometimes more in special localities, where there has been more real estate activity than usual. The survey, while mainly confined to the United States, also covers several leading cities in Canada.

Families Undoubling

It is reported that during the last year there has been considerable "undoubling" of families. During the depths of the depression many of the "in-laws," apparently, came home to roost until the bread-winners were able to secure new jobs.

Vacancies in the small, single family houses in most American cities are now estimated at less than one per cent. The existing supply of apartment space has not filled up as rapidly as that of single family dwellings, though it would appear to average somewhere around six per cent.

Huron & Erie Mortgage Announces Staff Changes

W. J. Bridgman, manager of the savings department at main branch in London of The Huron & Erie Mortgage Corp. and The Canada Trust Co., has been transferred to Windsor office as assistant manager. Joining the Toronto staff in 1923, Mr. Bridgman was transferred in 1931 to London where he has managed the debenture and savings departments up to the present time.

W. Harold Clark, assistant manager at Windsor branch since 1932, is promoted to a similar position at Toronto branch. Mr. Clark joined the corporations at Toronto office in 1921 and was for one year at the Winnipeg office in 1926. He is an Associate of the Chartered Institute of Secretaries.

Nova Scotia to Raise $7.7 Millions New Money

From Our Own Correspondent

MONTREAL.—Nova Scotia plans on borrowing over $7.7 millions during the current year, according to a statement made in the legislature by Premier Angus Macdonald.

More than $6 millions of the amount will be spent on highways, including about $3.4 millions for hard-surfacing operation, $1.5 millions for hard surfacing, and $875,525 for the Trans-Canada Highway under joint expenditure for unemployment relief.

In addition to borrowing for new public works, the government will go into the money market to obtain $4,894,000 to refund maturing obligations.

Mill Owners Mutual of Iowa

No connection exists between the Mill Owners Mutual Fire Insurance Co. of Iowa, with Canadian head office at Hamilton, Ont., and Chicago Mill Owners Mutual Fire which was recently given a Dominion license among other New England factory mutuals.

Mill Owners of Iowa has been one of the largest agency mutuals operating in the Dominion for years, doing business through approximately 800 agents from Halifax to Vancouver.

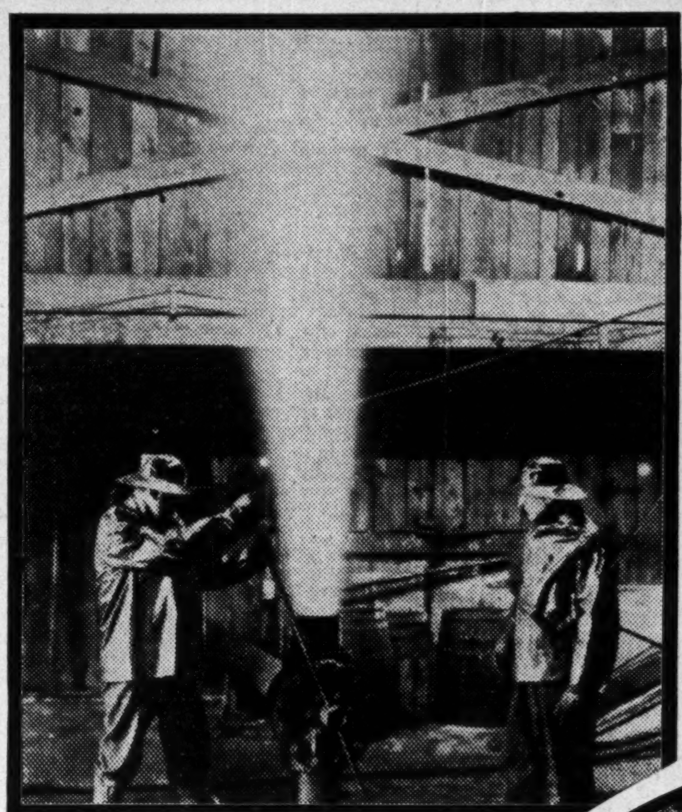
CHARTER COVERS PLAN

From Our Own Correspondent

MONTREAL.—Supplementary letters patent have been issued, covering the capital reorganization of Acme Glove Works, through which dividends on the preferred stock were liquidated by issuance of additional preference stock.

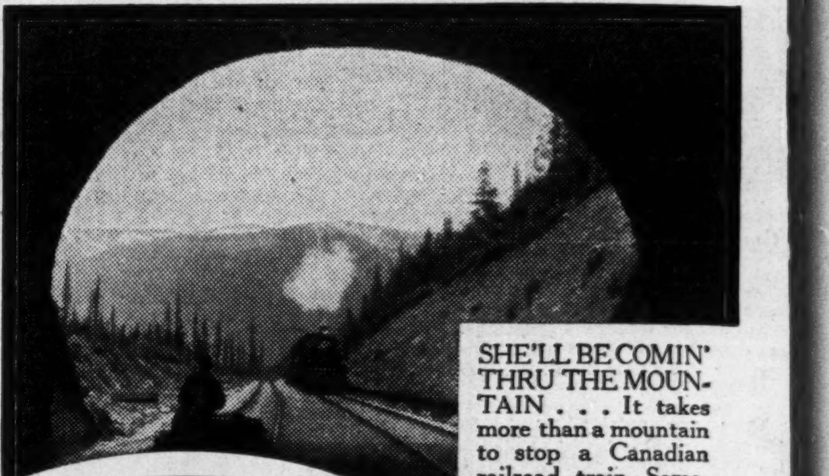
FLOATING SERVICE STATION . . . (above) A familiar sight in Vancouver's world famous harbour is this marine supply depot which makes Imperial Oil products conveniently available to power boats, large and small. You may see it if you are one of the fortunate thousands who will visit Vancouver this year to help celebrate the Fiftieth Anniversary of B.C.'s metropolis.

BRAVE YOUNG BRAVE . . . (above) Vaccination tests the mettle of young Indians at Trout Lake when the visiting medico arrives in camp. Flying or coming via the water route, government doctors visit the most outlying posts giving medical attention to all. They travel on Imperial Oil products.



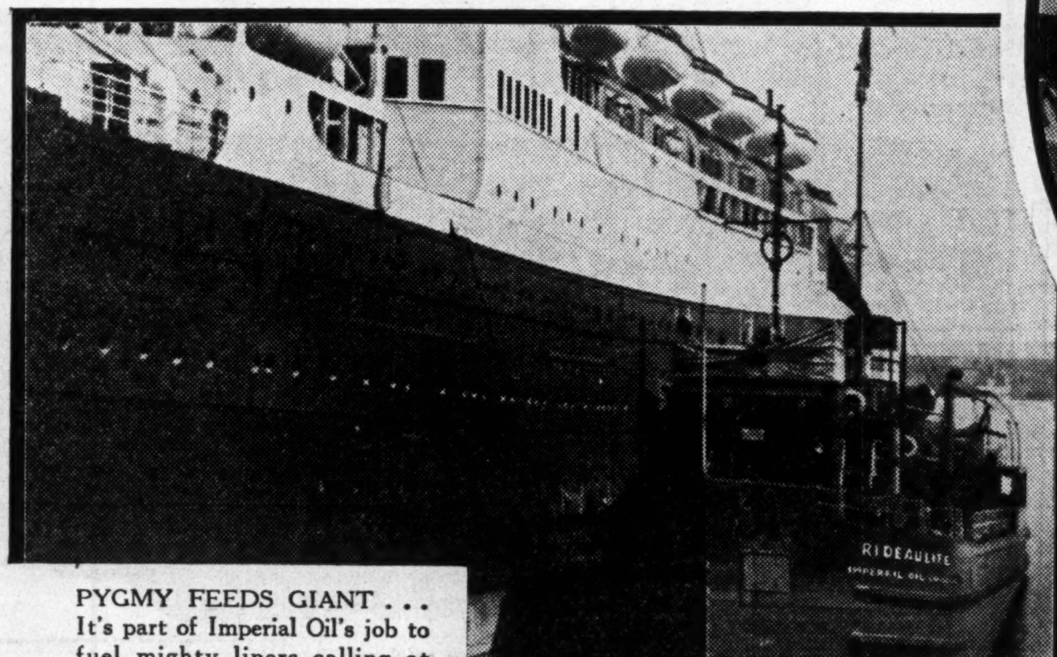
HARNESSING A GIANT . . . (above) Thousands of pounds of pressure must be brought under control when an oil well is brought in at Turner Valley, Alberta. No really important source of oil has yet been found in Canada but Imperial Oil is continuing the search with an extensive programme of exploration this year.

NORTH OF 53 . . . It's a long way to Resolution Island off the coast of Baffin Land but this chap didn't have any trouble getting there in an aeroplane powered and lubricated with Imperial Oil products. He was the first white man to spend the winter there. Don't you envy him?



SHE'LL BE COMIN' THRU THE MOUNTAIN . . . It takes more than a mountain to stop a Canadian railroad train. Sometimes it goes around or up—sometimes it goes right through. Good lubricants are needed to keep those wheels humming—Imperial lubricants.

"YES SIR, I'LL DO THE WHOLE JOB" . . . It's the smiling chap in the Imperial uniform speaking. He's talking about that Spring change-over job every motorist has to have done sometime, somewhere. New, clean, Summer oil and grease for old, thin, dirty Winter stuff. Have you had YOUR car put in tune with Spring, yet? Your nearest Imperial Oil station or dealer will give you quick service, finest products.



PYGMY FEEDS GIANT . . . It's part of Imperial Oil's job to fuel mighty liners calling at Canadian ports. Here is one of the smaller Imperial Oil tankers on the job transferring its precious load of liquid power.

Position of Chartered Banks of Canada as of March 31, 1936, Shown by Monthly Returns to Minister of Finance

LIABILITIES

NAME OF BANK	Notes in Circulation	Deposits by and Bal. Due to Dominion Government	Deposits by and Bal. Due to Provincial Governments	Advances from Bank of Canada	Demand Deposits in Canada	Savings Deposits in Canada	Deposits Elsewhere▲	Bal. Due to other banks in Canada	Due to Banks in U.K.	Due to Banks Elsewhere	Bills Payable	Letters of Credit outstanding	Other Liabilities	Dividends Declared and unpaid	Reserve Fund	Capital Paid Up	Total Liabilities
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal	30,250,115	17,738,789	9,892,511	....	156,421,363	418,868,554	62,545,532	2,867,642	2,330,955	4,618,768	145,978	6,855,031	1,767,521	18,748	38,000,000	36,000,000	788,321,511
Nova Scotia	10,518,040	7,882,058	1,461,913	....	35,913,942	148,414,001	39,396,779	2,379,648	336,178	1,968,094	312,902	5,941,418	302,130	362,344	24,000,000	12,000,000	291,189,454
Toronto	5,184,410	4,169,546	1,518,763	....	26,799,828	73,487,238	624,216	937,603	369,868	1,594,135	199,350	2,290,149	....	2,050	9,000,000	6,000,000	133,177,161
Provinciale	3,573,362	172,597	43,521	....	5,628,654	36,455,750	156,540	65	....	60,737	....	19,656	1,914	6,159	1,000,000	4,000,000	51,118,959
Commerce	24,994,533	5,064,926	11,707,277	....	121,325,789	303,418,201	62,646,687	2,158,472	1,268,695	8,117,927	36,439	16,552,490	....	18,234	20,000,000	30,000,000	607,309,676
Royal	31,572,014	15,521,113	8,262,282	....	135,683,050	300,824,097	241,875,520	629,732	508,216	10,469,813	413,181	21,745,014	52,471	36,135	20,000,000	35,000,000	822,592,642
Dominion	6,375,694	621,943	1,439,785	....	32,133,267	71,783,222	3,311,592	1,345,503	423,638	597,252	....	5,021,147	486,763	175,626	7,000,000	7,000,000	137,715,439
Nationale	4,817,694	1,319,493	1,051,726	....	24,946,180	90,128,358	1,546,143	839,420	30,140	239,901	....	300,707	148,482	8,520	5,000,000	7,000,000	137,376,709
Imperial	6,095,775	2,912,303	4,763,601	....	28,649,566	85,161,395	122,548	808,752	443,683	1,253,739	....	1,871,246	....	176,626	8,000,000	7,000,000	147,259,238
Barclays (Canada)	284,345	98,469	44	....	1,416,767	3,616,931	2,142,404	108,615	3,353,103	1,564,170	....	722,002	....	....	750,000	1,500,000	15,556,854
Total	123,665,982	55,501,237	40,141,423	....	568,918,406	1,532,157,747	414,367,961	13,075,452	9,064,476	30,484,536	1,107,850	61,318,860	2,759,281	804,442	132,750,000	145,500,000	3,131,617,703

▲ Of this amount, $68,071,722 represents deposits in Canada in currencies other than Canadian, formerly carried under demand and savings deposits in Canada.

SUPPLEMENTARY INFORMATION

NAME OF BANK	Capital Authorised	Capital Subscribed	Last Dividend	*Loans to Directors and firms of which they are partners	Average Notes and deposits with Bank of Can.	Greatest amount of Notes in Circ.
	$	$	%	$	$	$
Montreal	50,000,000	36,000,000	8	1,025,061	70,246,066	30,538,047
Nova Scotia	15,000,000	12,000,000	12	2,021,652	25,895,811	10,562,217
Toronto	10,000,000	6,000,000	10	883,061	9,582,722	5,375,710
Provinciale	5,000,000	4,000,000	6	712,475	3,013,153	3,603,472
Commerce	50,000,000	30,000,000	8	3,058,953	39,942,257	25,034,618
Royal	50,000,000	35,000,000	8	1,796,681	37,986,747	31,572,014
Dominion	10,000,000	7,000,000	10	925,307	11,851,957	6,427,171
Nationale	10,000,000	7,000,000	8	314,615	11,342,264	5,158,184
Imperial	10,000,000	7,000,000	10	512,310	8,835,403	6,317,885
Barclays (Canada)	1,500,000	1,500,000	....	....	546,909	291,125
Total	211,500,000	145,500,000	....	11,220,115	219,243,289	124,880,413

* And loans for which they are guarantors.

ASSETS

NAME OF BANK	Gold and Subsidiary Coin Held in Canada	Gold and Subsidiary Coin Held Elsewhere	Notes of Bank of Canada	Deposits with Bank of Canada	Notes of Other Banks	Govt. and Bank Notes other than Canada	Cheques on other banks	Balances due from other banks in Canada	Due by banks in U.K.	Due by banks elsewhere	Govt. sec. short term	Govt. sec. long term	Canadian municipal securities	Public sec. other than Can.
	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal*	1,624,371	772,182	10,485,836	59,901,596	1,758,079	372,653	22,869,982	572	4,796,015	16,457,035	199,212,935	158,375,768	31,303,906	7,022,051
Nova Scotia	360,577	2,235,824	2,685,242	25,780,678	505,283	3,247,589	9,555,398	....	677,648	5,545,409	39,005,651	58,768,128	12,959,348	943,602
Toronto	236,231	....	1,220,101	9,436,534	381,635	50,715	5,346,485	....	2,226,254	5,105,417	5,661,427	43,298,344	4,998,299	36,721
Provinciale	207,601	....	802,707	2,082,926	238,480	40,273	1,395,575	1,706,473	1,584	84,126	2,439,177	9,167,651	9,461,153	....
Commerce†	863,053	229,974	3,496,541	35,746,200	1,114,750	856,850	16,596,594	4,366	624,382	12,771,288	88,018,205	125,931,944	10,431,794	27,706,884
Royal‡	1,500,151	6,992,256	5,427,351	29,771,464	1,430,785	17,654,846	24,781,269	616	39,793,018	26,899,782	110,528,025	109,601,143	8,808,189	15,739,974
Dominion	286,911	614	1,562,877	10,989,456	474,420	65,972	4,717,224	....	263,997	835,384	17,115,831	21,334,369	5,388,873	1,255,545
Nationale§	502,053	989	2,777,647	9,077,883	602,660	60,504	3,250,270	1,334,546	157,155	1,423,635	15,393,376	19,847,934	18,514,193	417,319
Imperial	409,110	....	4,022,153	4,691,721	491,255	62,477	7,607,619	615,399	755,229	1,372,837	6,923,804	35,215,930	4,745,245	....
Barclays (Can.)	1,701	....	69,811	724,454	10,926	2,001	204,717	1,708,282	3,883,700	763,550	954,705	3,797,992	137,667	....
Total	5,991,759	10,231,839	32,550,266	188,202,912	7,008,273	22,413,880	96,325,124	5,370,254	53,178,973	71,259,433	485,253,136	585,339,230	106,748,565	53,122,096

NAME OF BANK	Other bonds and stocks	Call loans in Canada	Call loans elsewhere	Current loans in Canada	Current loans elsewhere	Loans to provincial governments	Loans to municipalities	Non-current loans	Real estate other than premises	Mortgages on real estate	Bank Premises	Deposit for note circulation	Other assets	Total assets▲
	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal*	11,472,661	6,503,119	26,599,394	148,061,594	8,436,316	7,697,734	38,554,640	3,451,047	704,867	829,831	14,500,000	1,686,426	568,489	790,874,145
Nova Scotia	10,708,701	5,009,739	2,733,611	71,219,614	15,527,038	513,344	6,961,264	819,684	....	100,667	6,932,711	571,181	2,747,728	292,037,091
Toronto	2,031,697	3,669,141	....	38,250,428	....	....	5,568,295	323,602	....	40,609	3,566,810	335,033	....	134,123,929
Provinciale	3,103,156	4,149,489	....	12,044,776	....	....	905,064	122,931	662,839	365,946	2,093,364	200,000	103,515	51,398,471
Commerce†	20,864,890	18,332,899	16,665,481	133,038,137	16,666,933	6,816,453	27,873,543	3,911,709	2,489,377	2,294,340	14,403,028	1,275,000	4,100,594	609,677,713
Royal‡	25,799,743	20,086,610	17,874,612	200,160,188	99,344,786	1,253,916	9,813,527	3,908,347	2,986,994	825,944	15,899,447	1,600,000	4,568,918	824,796,911
Dominion	3,434,505	8,118,279	5,599,496	42,441,889	316,199	....	2,204,984	372,667	85,670	43,513	5,847,891	347,624	187,524	138,313,825
Nationale§	7,431,453	4,639,168	....	33,261,336	66,249	2,896,827	7,284,921	328,085	1,490,426	401,026	6,118,405	380,306	156,164	138,136,338
Imperial	124,879	5,315,145	....	53,139,817	....	5,764,921	7,179,489	459,614	278,590	416,213	5,995,061	473,946	171,903	148,103,605
Barclays (Can.)	5,017	1,096,925	....	1,039,853	....	....	....	11,933	....	....	450,000	17,072	12,976	15,564,292
Total	84,996,702	76,920,514	69,472,594	732,657,582	140,357,521	24,943,195	106,345,727	13,709,619	8,698,763	5,318,089	75,806,717	6,886,788	12,617,811	3,143,046,348

---

* The business of the Bank in Paris, France, and in San Francisco, U.S.A., is carried on under the name of local incorporated companies and the figures are incorporated in the above statement.—Footnote to Bank of Montreal return.

† The Canadian Bank of Commerce (California) has been incorporated under the laws of the State of California to conduct the business of the Bank in that State and the assets and liabilities of the Canadian Bank of Commerce (California) are included in the above general statement.—Footnote to Canadian Bank of Commerce return.

‡ The Royal Bank of Canada (France) has been incorporated under the laws of France to conduct the business of the bank in Paris, and the assets and liabilities of the Royal Bank of Canada (France) are included in the above general statement.—Footnote to Royal Bank return.

§ The assets and liabilities of the Banque Canadienne Nationale, France, same being considered a branch operating as a subsidiary of the Banque Canadienne Nationale, are included in above return. — Footnote to Banque Canadienne Nationale return.

▲ Total assets include $61,318,860 letters of credit outstanding as shown in liabilities.

THE FINANCIAL POST

Vol. XXX | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, MAY 9, 1936 | 10c a Copy; $5.00 a Year | No. 19

Business Gives Mixed Reception to Taxes, Tariff Changes

Federal Government To Reduce Deficit

Deficit $162 Millions — More Revenue, Lower Expenses Predicted

PICTURE IS PLAIN

Announcing that an immediate approach will be made to balance the budget, Hon. Charles Dunning, Minister of Finance, in bringing down his budget for the 1936-37 fiscal year, estimates that the deficit will be less than $100 millions, compared with $162 millions in the year ended March 31 last.

This estimate, however, does not take into account any future losses from wheat marketing operations, which are not predictable. Of the 1935-36 deficit of $162 millions, $22 millions represents losses on the government's wheat operations during the past five years.

Reduced expenditures and increased tax revenues will both contribute to the improvement predicted for the current year, Mr. Dunning expects. Including additional taxation revenue accruing from an increase in the corporation income tax to 15½ per cent and an increase in the sales tax to 8 per cent, revenue is expected to be $46 millions higher. Of this amount, $30 millions is expected to come from increases in taxes and $16 millions from existing taxes as a result of improvement in business conditions.

At the same time it is expected that expenditures on all accounts will be somewhat lower. A reduction of $7.5 millions in the deficit of the Canadian National Railways is estimated, and it is hardly likely that the loss on wheat operations in 1936-37 will be as large as in the past five years.

Balanced Budget Not Feasible

In reviewing the government's budget position, the finance minister states that in his opinion it is not feasible for the government to achieve complete balancing of its budget at this time. This, he says, would probably involve deflation and to a degree that would appear intolerable.

In stating that the opportunity for reduction in expenditures is limited, Mr. Dunning would appear to be of the mind that either the government must await improvement in business to increase its revenues or increase its taxation in order to balance the budget. He points out that 62 per cent of the government's revenue in the year ended March 31, 1935, was required to meet fixed and uncontrollable expenditures.

Deficit of $162 millions in the year ended March 31 last is the latest of a series of deficits which have averaged over $138 millions during the past six years. It is only exceeded by the deficit of $220 millions incurred in the 1932-33 year.

Presents Clear Picture

For the first time in recent times an attempt is made to present a true picture of the government's budget position in that departure has been made from what Mr. Dunning terms the "bridge score" method of accounting of the past. The over-all deficit of $162 millions is clearly presented.

In the past there has been a tendency on the part of governments to treat the results on general account as surplus or deficit. If this practice had been followed by Mr. Dunning, the deficit for 1935-36 would have been only $2.2 millions.

Summary of revenue and expenditures for the past two years is given below:

Summary of Revenues and Expenditures
(000's omitted)

	1935-36	1934-35
	$	$
Ordinary expenditures	373,987	359,700
Less: Ordin. revenues	371,780	358,474
Deficit on ordin. acc.	2,207	1,226
Add: Special expend.	102,770	61,130
Less: Special receipts	320	3,397
	102,450	57,733
Add: Capital expend.	6,576	7,027
Govt. owned enter.	50,958	50,148
Total deficit	162,191	116,134

Revenue Higher

Total revenue of the government for the year was up $10.2 millions, amounting to $372 millions. Revenue from taxes alone increased by $12.8 millions, and this was more than fully accounted for by the income tax which yielded $82.7 millions as compared with $66 millions in the previous year. This is the highest figure ever recorded for the income tax.

Sales tax, the second largest contributor to government coffers, was responsible for a total collection of $77 millions, an increase of $4.5 millions. Excise duties were up $1.2 millions.

Yields from other major forms of taxation, however, such as custom's duties and special excise duties were lower.

As will be seen from the tabulation appearing above, by far the largest figure in the deficit is "special expenditures." This includes unemployment relief costs, expenditures under Public Works Construction Acts and losses incurred on the government's wheat policy during the past five years.

Comparison of unemployment relief expenditures during the past two years is given below:

Unemployment Relief Expenditures
(000's omitted)

	1934-35	1935-36
	$	$
Direct relief	19,212	263
Grants in aid	*14,024	26,275
Public works projects	4,493	9,831
Land settlement relief	278	176
Relief camps	7,648	8,212
Care of single homeless	630	219
Dept. of the Interior▲	516	180
Sask. drought area	5,000	4,000
Miscellaneous	186	313
	51,987	49,469

*From August 1, 1934.
▲Relief including works in National Parks.

Deficits shown under the heading of "government-owned" enterprises amounting to $50.9 millions include the net income deficit of the C. N. R., operating deficits of Canadian National Steamships and of any harbors previously operated by harbor commissions, but in the future to be administered by the National Harbor Board.

C. N. R. Deficit

Cash deficit of the Canadian National Railways amounted to $47.4 millions, an improvement of $1 million over the previous year. In addition, the government advanced to the C. N. R. $7.5 millions for capital expenditures and retirement of debt, which amount is shown in the public accounts as loans and investments.

While the deficit for the year was $162 millions, this does not represent the total out-go. In addition, loans and investments were made during the year amounting to $60.4 millions.

The most important of these, as would be expected, were loans made to the four Western provinces under the authority of the relief acts. These loans aggregated $42.3 millions, which is a considerable increase over any previous year due to the loans made to Alberta and British Columbia to enable them to meet maturing obligations. This brings the total advances to the western provinces to $116.5 millions.

Debt Up $203 Millions

New issues of Dominion obligations during the year totalled $500 millions, exclusive of temporary refinancing in connection with which repayment was made. These issues to the extent of $297 millions were for the purpose of refunding maturing issues. The balance of $203 millions represents the net increase in the funded debt and treasury bills during the year. At the close of the fiscal year the average rate of interest on the Dominion's obligations was 3.9 per cent, compared with 4.15 per cent a year ago.

The net direct debt of the Dominion government at March 31 last was $3,008 millions, an increase of $867 millions in the past five years.

In order to gain a true picture of the government's debt there must be added to the direct debt the issues of the Canadian National Railways outstanding in the hands of the public. These at March 31 last amounted to $1,217 millions, a reduction of $21 millions from the previous year. Of this amount, $964 millions are actually guaranteed by the Dominion. In addition there are $30.6 millions of guaranteed harbor commission debentures. The total net direct and indirect debt is therefore $4,002,600,000.

Dawson Says Duty To Accept Burden

From Our Own Correspondent

MONTREAL.—A. O. Dawson, president of Canadian Cottons Ltd., and former head of Canadian Chamber of Commerce, characterizes the increased sales tax and corporation income tax as the most equitable way of raising extra funds and, if by doing so the government can come near to balancing the budget without creating unemployment, industry is glad to pay its share.

It was the duty of industry, said Mr. Dawson, to accept the extra burden. The corporation income tax, he pointed out, applied only to profits and, provided the company is making a profit, should be willing to contribute its share to the National Treasury.

Textile Industry Wants Time To Check On Tariff

From Our Own Correspondent

MONTREAL.—Changes in the textile tariff as outlined in the Dunning budget have brought little comment from the operators. The view of the industry is well expressed by G. Blair Gordon, managing director, Dominion Textile Co., who said it would be unfair to comment on the changes until their ultimate effect became clear. This could not be ascertained, he said, until the new rates had been in operation for several months.

The increase in the sales tax, he continued, would mean that the consumer would pay higher prices as manufacturers would merely pass the increased cost of production along to the ultimate consumer.

The change in the sales tax rate would have little effect on Dominion Textile Co., he emphasized, inasmuch as most of the products of the company are sold to manufacturers and tax levied only on finished products. Certain lines of the company's goods, however, materials sold to departmental stores, are taxable, and the effect of the higher tax would probably be increased prices for the consumer.

Other textile manufacturers elsewhere in Canada emphasized the view that there are so many changes that only actual experience will demonstrate the ultimate effect on the textile industry. Tariff cuts that seemed too large in individual cases are offset by other clauses which may or may not make up adequately for the reduction.

Miners Say "Thank You, But . . . ."

Mining World Disappointed but Undefeated by Latest Taxation Move — Many Companies Should Benefit

By WILFRID SANDERS

"The compliments of the mining industry to Mr. Dunning, and many thanks for the nice references in his budget speech, but . . . ."

Which about summarizes the feeling of the mining industry towards the 1936 budget. The "but" covers a multitude of grievances, and expresses disappointment, but not defeat.

That disappointment was keen is shown by the record of the senior gold producers on Canadian markets. Two days before the Minister of Finance brought down the budget (but not, incidentally, the house), the "street" had it that depletion allowances for corporate income tax purposes were to be raised to the good old 50 per cent. As a result of this report, whose ancestry was shrouded in mystery, senior gold stocks soared to great heights in two days trading.

Long before this, mining men, in private conversation, had expressed confidence that the new government was "sold" on the idea that mining's plea for lightened taxation was based on solid reasoning.

Hadn't the Minister of Mines himself taken to the air and done good work in educating Canadians in the importance of their mining industry? The Financial Post stirred up considerable comment by publishing, in its issue of Nov. 23, 1935, the prediction, based on informed opinion, that the depletion allowance would not be altered.

But the mining men had confidence, and it is not surprising that the announcement of an increase in corporate income tax from 13½ per cent to 15 per cent, and the maintenance of depletion allowances for precious metal mines at 33 1/3 per cent came as rather a "wet smack."

But though disappointment is undoubtedly keen, mining men appear really grateful for favors received.

Stable Policy Needed

Perhaps, of these favors, the most significant is the government promise of freedom from discriminatory taxation, and the recognition by the cabinet that a concrete governmental policy towards mining is essential.

Said Mr. Dunning, of mining:

"The contribution which this industry has made to the economic well-being, and indeed, to the financial integrity of the Dominion during depression years is well known. Great as its development has already been, a much greater future appears to lie in store. In the opinion of many, we have little more than begun to tap the varied mineral wealth of this country. Moreover, the most important branch of the industry, namely gold mining, is in the fortunate position of producing a commodity for which the demand appears to be unlimited. In other industries production cannot be speeded up without creating oversupply and breaking the market. In the case of gold, however, overproduction, seems, under present conditions, to be impossible, and the price remains fixed at least for long periods of time. On the other hand the industry is one in which the risks are great, especially in the initial stages. Exploration and development require expenditure of large amounts of capital over a considerable period of time. Private enterprises, therefore, can only be induced to enter the field if the prices to be gained for the relatively few successes are attractive.

A Unique Opportunity

"Because of these special characteristics, the industry appears to offer a unique opportunity for a constructive governmental policy designed to stimulate an expansion of mining activity with its resultant effects on employment and purchases of supplies and materials."

Here is apparent recognition of the fact that a stabilized governmental policy towards mining, a policy which would preclude a fiasco such as was the bullion tax, would do much to attract foreign capital to an industry which is in no way competitive.

As a result of this conviction, the government has granted exemptions from corporate income tax to any metalliferous mine coming into production between May 1, 1936, and Jan. 1, 1940.

Under this provision, the score of companies across Canada who are just about to start production, and the others that will in the course of the next three or four years be ready for production, will be aided materially. The freedom from corporate income tax will enable more money to be spent in development in the early days of a mining producer, and will bring dividends that much nearer, although the earnings of a new producer are never particularly large. The first few years of a mining company's life are notoriously critical, on account of the unfamiliarity with the structure underground, and the complexities of the ore. The lifting of this tax will give these new producers that much wider margin under which to operate.

Depletion Restoration Urged

In this respect, this provision of the government will undoubtedly encourage the mining industry. But in the opinion of many mining men, it does not go far enough towards its avowed objective of stimulating production.

J. Y. Murdoch, president of Noranda Mines and of the Canadian Metal Mining Association, speaking for that body, and after acknowledging the beneficial clauses in the budget address, states:

"We are convinced, however, that in any plan for stimulating production with consequent increased employment it is essential to restore the rate of depletion allowances which, up to last year, were found necessary to compensate for the exhaustion of the ore bodies, otherwise the development which is sought is bound to be seriously hampered. If this were done, and combined with the minister's proposal and his announced assurance of stability, the increase in direct employment and all the collateral advantages would, we are satisfied, very soon demonstrate the soundness of that policy."

There are, across Canada today, many properties which have reached the stage where mill construction is planned or actually under way. Such companies as Gunnar Gold Mines, in the Big Rice Lake area of Manitoba, where the mill has been in operation, but no actual production obtained prior to May 1, will, it is believed, be exempt from the tax, although a definite ruling on this point has not as yet been obtained.

The following does not pretend to be a complete list of properties shortly to be in production in Canada, but it includes the outstanding properties where mill construction is under way, or where a mill is proposed. Assuming that these plans materialize, these companies, then stand to benefit from the three year corporate income tax exemption:

Nova Scotia

Seal Harbour Gold Mines — 200-ton cyanidation mill under construction. Some recovery obtained from two stamp test mill, but production not regular, and utilized to bulk sample the ore.

Nova Scotia Gold Mines — Owns two properties, one in the Caribou area of Nova Scotia, under development by Consolidated Mining & Smelting Co., and the other at Tangier, N.S., on which a 100 ton mill is being erected. Officials hope to have the Tangier property in production in about 60 days. The ten stamp mill here has been largely a test operation.

Quebec

Thompson Cadillac Mining Corp. —Successors to the once producing Thompson Cadillac Mines. Recently officials of the corporation stated that milling on a 50-60 tons per day

(Continued on page 19)

See Exemptions For Mine Cases

From Our Own Correspondent

OTTAWA.—Inquiries are being received by income tax officials as to enforcement of the income tax exemption on metalliferous mines coming into production between May 1 of this year and January 1, 1940. The government has not yet considered regulations for the enforcement of this exemption and already numerous border cases have been referred to Ottawa for consideration.

The understanding in official quarters is that the phrase "coming into production" will be interpreted as actual production of the metal being sought. If the property is a gold mine, production would date from the first recovery of gold on a commercial scale. It would make no difference if the mine had begun operations several months earlier. This view will have to be confirmed by the regulations but may be accepted as reliable.

Canadian Oils Propose To Give Budget Trial

Won't Close Refineries and Import Gasoline Unless Prices Slashed

DOUBTFUL SO FAR

Executives in Canadian oil companies decline to state definitely whether the cut in gasoline tariff from 2¼ to 1 cent a gallon announced in the Dunning budget will mean lower gasoline prices. That depends in large measure on the competition that develops. Before the tariff board it was stated that refining operations in Canada might have to stop if competition became too keen.

Control Outlets

The large companies have control of the main outlets through Canada. It has been stated that they themselves can be buyers of cheap gasoline from beyond the border and continue as before. The only difference, but an important one, would be that employment given by refineries would disappear and the gasoline would not be made with special reference to Canadian consumption. It is altogether probable that the companies will continue refining until they find it unprofitable if they do so. They will be helped by the fact that it is made more difficult for the skimmers who have made cheap gasoline for the large centres of population to get the particular form of crude which they fancy. Much will depend on attitude taken by large United States producers such as Cities Service, and Shell Co. of Canada. Will they import or continue to get their supplies from Canadian refineries?

There has been growing in various provinces a tendency to prevent the multiplication of gasoline outlets and also a demand for grading of products which will be helpful to the companies with branded products. Saskatchewan followed Ontario and the Maritime Provinces in introducing such legislation. The Saskatchewan Legislature abandoned it, however, but Alberta is bringing forward such an act and British Columbia has been considering it. Quebec has given the matter a great deal of consideration.

Altogether therefore it is not certain as yet what effect the legislation will have in reducing prices of gasoline or have on the profits of companies involved. A. L. Ellsworth, president British American Oil Co., was quoted in Toronto as saying that the reduction was a drastic one. Imperial Oil executives preferred to make no statement and all were inclined to await the results of actual operation.

Canadian oil industry apparently had a sharper dip in protection than most other industries. The former rate on gasoline of 2½ cents dropped to 2¼ cents a gallon as a result of the Canada-United States trade agreement and has dropped again to 1 cent a gallon in the Dunning budget.

At the hearings before the tariff board at Ottawa leading executives in the industry declared that former Premier Bennett saved the oil refining industry in Canada by boosting the duties from one to 2½ cents and by application for a time of the dumping duty as well. By reason of discovery of a number of prolific pools, the potential production of crude petroleum in the United States had risen to many times the possible consumption. Prices were slashed. Even the strongest United States companies went into the red at some time during the depression. Outlets of all kinds were sought. Illegally produced and marketed gasoline and crude, that is, oil which avoided taxation in an important degree, complicated matters.

Price Wars

In Canada skimming plants produced gasoline of low knock-rating from crudes which were easily skimmed and sold it at low prices as "good" and even "superior" gasoline and that produced local price-cutting campaigns in Canada. The companies were sheltered to a considerable extent, however, by the higher duty and the larger companies continued to show a profit though not a growing one. The skimming plants now have to pay the same duty on their crudes as they would in gasoline. They will probably import.

They are fortunate for the time being that the oil situation in the United States has freed itself from some of the demoralizing factors of the depression period. "Hot" oil production and sales are lower and the price structure of crude and of gasoline has been stronger for more than a year. The Rodessa field alone at the moment offers problems to those who are trying to make pro-ration 100 per cent efficient.

May Refine in Trinidad

John Irwin, president of McColl-Frontenac Oil Co., stated that that company would also continue manufacture unless it found out that operations could not be carried on under the lower duties. He added that if such operation does not prove feasible all arrangements have been made "whereby we will close our Canadian refineries and convert our crude oil tank farms at Montreal and Toronto into gasoline tank farms. We have also made our arrangements to clean out our crude oil tanks so that they can become storage for gasoline.

"Likewise, we have made arrangements to clean out our oil tankers and convert them from carriers of crude oil into carriers of gasoline," he continued.

"The result of all this will be that if necessary, we may close the operations of our refineries, shutting down the Toronto unit first, followed by the closing down of the Montreal unit, and thus throw out of employment 364 refinery employees This we would greatly regret. . . . In other words, the firm of McColl-Frontenac Oil Co., which up to the present has been a refiner in Canada of crude oil into gasoline and other products, would cease to be refiners in Canada and become distributors handling gas refined elsewhere and transported for sale to the Canadian public.

May Lessen Employment, Says Webb of Budget

From Our Own Correspondent

MONTREAL.—James H. Webb, vice-president of the Canadian Manufacturers Association, sees in the increased taxes brought down in the budget, an additional load on industry which may tend to lessen employment. He thought it a mistake to saddle industry with too great a burden, especially in the manufacture of heavy goods.

Sales Tax to Boost Prices

Business Newspapers Point Out the Significance and Effect Of Taxation Increases Announced in Dunning Budget

Here is how Canadian business newspapers view the tariff and sales tax changes announced in the federal budget:

New Hardware Prices Seen From Budget

"Hardware and Metal," Toronto

The increasing of sales tax from six to eight per cent is expected to have considerable effect on trade prices of hardware merchandise.

Firms which quote their goods with sales tax extra have increased the rate from six to eight per cent. In a number of cases, where goods are quoted with sales tax included, manufacturers are adding an additional two per cent to the face of current invoices, until such time as new price lists are issued.

Wholesale hardware firms, who quote prices with sales tax extra, and have to remit their sales tax to the government on the basis of eight per cent on their cost, are temporarily adding 6½ per cent to dealer invoices, but state this is subject to revision, and may be slightly higher.

A number of paint companies have stated their intention of absorbing the increase in sales tax, and making no change in their "tax included" prices on prepared paint and varnish products, during the heavy selling season until July 1. Up until time of writing one paint company reports adding the two per cent additional sales tax to the face of invoices.

Aid to British

The reduction in the British preferential tariff rate on some hardware lines, such as precision tools, measuring tapes and rules, and in the sundry classification of manufactures of iron and steel, is looked upon by importers of British lines as favorable to the extension of their business in Canada.

Binder Twine Aided

The excise tax of three per cent has been removed on materials imported for the manufacture of binder twine and fishing rope. According to Canadian manufacturers this eliminates an inequality where manufactured products were admitted to Canada free of duty and excise tax, while the raw material imported by manufacturers was subject to a three per cent levy.

Consumable materials used by manufacturers in making taxable products are now exempt from sales tax. This will eliminate sales tax on paint and varnish thinners, used to thin out finishes consumed by manufacturers, particularly in the furniture industry. The exemption does not apply to plant equipment, lubricating or fuel oils.

Sugar May React From Inattention

"Canadian Grocer," Toronto

The food industry seems to have taken the increase in the sales tax of two per cent philosophically. It was generally expected there would be an increase.

Some manufacturers will be absorbing it, but the majority will have to add it into their costs, particularly those not far out of the red. Some products like canned goods have been selling on a basis of f. o. b. factory "plus tax" and these will continue to be sold on the same basis.

Other manufacturers, however, have been including the tax in their invoice price and many of these will be adding the increase. Jobbers will naturally endeavor to pass it along to the retail trade and it is here that considerable difficulty will arise, due to keen competition.

A two per cent tax on a 10 cent item is not sufficient to make the selling price 11 cents and yet if the retailer does not get something extra, he is going to be the loser. It will likely mean that retailers will have to jack up certain prices more than the two per cent and not change others.

Since all farm products as well as flour, bulk cereals, honey, maple syrup, fresh meats, are all exempt from the tax anyway, the increase does not make any difference. In fact more than 50 per cent perhaps of the average merchant's purchases do not carry any sales tax at all. There is none on sugar for instance, and this is a big item in every grocery store.

Big Sugar Stocks

A number of jobbers and large distributors were more or less anticipating an extra $1 per cwt. excise tax on sugar which did not materialize. As a result, they have a lot of sugar in their warehouses, enough in some instances to carry them along for a couple of months. The sugar market too has been on the weak side and should a decline result in the meantime some losses would have to be taken.

Tea and Coffee

Similarly, a lot of importers felt there might be an increase in the duty on tea, taking their cue from the Old Country where it was recently practically doubled. However, there was no change. A number of them took fairly substantial quantities out of bond as a protection against an increase.

Nevertheless they will not lose anything on tea because the market has been advancing and they saved the two per cent sales tax.

There was also some buying of coffee in the expectation that even British grown coffee would carry a duty. This did not take place, but the general tariff was increased from three cents to five cents per pound. This covers such coffees as Mexican and Arabian, but it does not touch Brazilian or Colombian, inasmuch as Canada has trade treaties with these countries which give them the intermediate rate of three cents which was unchanged.

Farm Implement Duty Cut Will Not Affect Prices

News in the budget of further reduction of farm implement duties has led officers of manufacturing companies to express misgivings. The tariff was dropped from 25 to 12½ per cent as a result of the Canada-United States agreement and the Dunning budget reduced them further to 7½ per cent. This will not bring reductions in the prices of the main farm implements used in the opinion of many in the industry, because prices on both sides of the line are now practically on a parity. Nevertheless, it is claimed, a low duty will naturally increase importations. Some importing firms expressed this hope.

Prices Stay Put

So far the chief harm to business of the farm implement companies has come from the demand made by certain members of Parliament that the farm implement companies should be asked to reduce prices which were increased last January. Buying stopped for a while to see what would happen. The companies stated they were unable to reduce prices as increases were on implements which had been improved and which had modern devices that farmers were asking for. An enquiry was called for, and officers of companies affected began to prepare cases to show why they increased prices in the face of the expectations of those who framed the Canada-United States agreement that the agreement would bring reductions. Manufacturers claim that they have been operating at a loss through the depression and a profit had to be gained some time if they were to stay in business. Unless United States companies reduce prices for the Canadian market, it is not likely that the further drop in tariff will cause a drop in price.

Sales have been recovering from the slump which followed the demand at Ottawa for a price reduction. As soon as farmers saw that none was forthcoming they entered the market again. General increase in sale of all kinds of agricultural implements has been reported by Western newspapers. Tractors, which are not made in Canada, seeders and harrow plows moved fastest. Demand for farm trucks moved up as well. Reconditioned tractors were taken up as fast as they were made available. One way disc seeders led in Massey-Harris sales. Cockshutt Plow Co. found Tiller combines, a combination of plow and seeder, popular.

T. A. Russell, president, Massey-Harris Co., expressed regret the government had seen fit to reduce the tariff twice in four months. He thought it would have been only fair for it to await the result of the enquiry called for before taking action. For a year prices in the United States and Canada had been on the average the same. There was nothing in the budget to reduce costs for making implements in Canada. Corporation taxation, on the contrary, had increased. Tractors were not affected, he said. They had been on the free list for several years "and are no longer manufactured in Canada."

Sales Tax Affects Plumbing Quotations

"Sanitary Engineer," Toronto

The main change in the Federal Budget affecting the plumbing and heating trade is the increase in sales tax from six to eight per cent. This will affect trade prices, as wholesalers are advancing their "tax included" prices to allow for the additional two per cent. A new price list is being issued on wrought iron and steel pipe to include the extra tax. Most prices are expected to advance approximately two per cent.

There are very few tariff revisions affecting plumbing and heating merchandise. The British preferential rate and the intermediate rate are reduced on nickel-plated, gilt, or electro-plated ware, but plumbing wholesalers state they do not look for very much increase in importation on this account.

Drug Firms Groan Under 18% Impost

"Drug Merchandising," Toronto

Introduction of an additional two per cent sales tax is reported to have been met with considerable concern by members of the perfume and toiletries industry. The industry, already burdened with a 10 per cent luxury tax, now faces further taxation, and from now on 18 per cent of their sales will go to the government for sales and luxury taxes. Members of the Perfumers' Association point out that this is a preposterously high tax for one industry to pay.

An official of one large company said his company paid $136,000 last year, and estimates that there will be an added $12,000 to pay this year. The feeling seemed rather general that it will be difficult to pass this tax on to the customer, and that it will most likely have to be absorbed by the manufacturer or wholesaler.

One redeeming feature, tending to lessen the tax burden somewhat, is reported to be the decrease in tariff on pharmaceutical alcohol. It is pointed out this would have been of considerable benefit, had it not been counteracted by the increase in the sales tax. As it is, it is said that it merely serves to lighten slightly the heavy taxes levied on the industry. Members of the industry emphasize that in no part of the Empire is there so heavy a tax on toiletries.

The feeling is expressed that a consumer's sales tax would be much more equitable instead of having the whole thing fall on the manufacturer and wholesaler. It is expected that further representations may be made at Ottawa, for the purpose of having the tax lightened to some extent.

Men's Wear Firms Watch $100 Exemption

"Men's Wear Merchandising," Toronto

A division of opinion among men's wear retailers and manufacturers greets the new budget exemption on Canadian tourist purchases. It is generally agreed that the clothing industry, by its very nature, stands to be definitely affected if Canadians take advantage of the exemption provisions to any marked degree. Section 703B of the tariff schedule specifically provides that goods must be "included in the baggage" of a returning resident, and retailers feel that this encourages Canadian tourists to bring back with them, ties, shirts and other small items of apparel.

Others take the broad viewpoint that the trade will benefit ultimately from the arrangement since American tourists send more money into Canadian retail channels than Canadians spend in the United States.

Many lines such as shoes for example, are no less expensive in the U. S. than in Canada so there is little inducement for Canadian tourists to buy there. One line selling for $10 in Canada is said to bring $12 in New York.

Effect of Sales Tax

That the sales tax will offset any advantage of the slightly lower tariffs is the opinion of several men's wear manufacturers. Many announce that they will not be greatly affected by the tariff reductions.

It is generally agreed that in certain lines it will be impossible to pass the added sales tax on to the consumer because a number of retail prices are more or less fixed. On certain seasonal lines the added tax will likely be absorbed, for most of the houses have commit-

(Continued on page 12)

MUNICIPAL HONOR ROLL

CITY OF ST. THOMAS, ONT.

Unlike many Canadian cities, St. Thomas, Ont., has improved its financial position even during the depression. This has been accomplished by keeping capital outlays at a minimum and meeting relief costs out of current revenue.

Features of the city's record are as follows:

Funded Debt has shown steady reduction since 1925, net debenture debt being reduced in that period by over $1.1 millions to $1,325,287 at Dec. 31 last. Since 1929 the decline in debenture debt has amounted to $806,669.

Bank Loans, on the other hand, have increased by $130,281 since 1925 and $161,815 since 1929. Since 1933, however, definite action has been taken to reduce its bank loans and as a result there has been a reduction of $58,374 in the past two years to $317,228. As in the past two years, 1¾ mills of the city's 1936 tax rate is for the express purpose of being applied against this loan.

Expenditures during the past two years have been kept within the limits of the city's cash income. This has been accomplished by consistent work on collections and a careful control of expenditures in line with the established budget.

Relief Costs have been entirely met out of current revenue. No debentures have been issued for this purpose.

Capital Expenditures have been kept at a minimum, except those which can be financed out of current revenue. This year a new school is being built at the cost of $15,000, one half of which is being met out of current revenue and one half by an issue of one-year debentures.

Ford (Canada) Likes Budget

Remarks By President Give Hope of Dividend Soon

Wallace R. Campbell, president Ford Motor Co. of Canada, sees an excellent effect of the provision in the budget that in two years there must be a 65 per cent Empire content in motor vehicles sold in Canada in order for Canadian makers to gain the full benefits of the reduced duties and taxes applying on the cost of production. Under the taxes now superseded only a 50 per cent Canadian content was required.

Mr. Campbell also approved of the changes tending toward simplification of the tariff structure. The tax structure applying to the motor car industry had been notoriously complex.

Before having a chance to study the full text of the budget, Mr. Campbell's impression from newspaper reports was that the budget recognized the importance to Canada of the motor car industry and had provided means whereby it could increase in value in the Canadian economy.

High Canadian Content

Other car manufacturers needed more time also to study the budget in detail. Some of them thought the flat rate of 17½ per cent from countries subject to the intermediate tariff instead of 17½, 22½ and 30 per cent, according to value, might prove too low. They preferred, however, to find out from actual experience if the low rates on parts would not make up for the reduction. Those low rates, however, are predicated on a high degree of Canadian content. The drawback on machinery of 99 per cent when it is of a kind or class not made in Canada will be of value.

Most commentators approved of the flat rate excise levy of 5 per cent regardless of content of value in excess of $650, and the limiting of the tax to $250. Exemption from the poundage tax on tires and tubes in the case of manufacturers desiring them for original equipment of their cars is also regarded as an aid.

At the annual meeting Mr. Campbell stated it was the policy of directors of Ford of Canada to await the Federal budget and to appraise its probable effect on the operations of the company before deciding on dividend policy. He intimated that directors would probably in such a case give prompt consideration to the problem. Many interpret Mr. Campbell's favorable remarks on the budget as an indication that a dividend may soon be forthcoming.

Cash $22,150 to Buy National Light Bonds

Approximately $22,150 is in the hands of National Trust Co., Toronto, for purchase of six per cent first mortgage bonds of National Light and Power Co. for the sinking fund. Offerings of the bonds to the trust company will be received at Toronto up to May 12.

Increased Sales Tax Major Item in Budget

By increasing the sales tax one-third to 8 per cent, Hon. Charles Dunning hopes to increase government revenues by $23 millions during 1935-36 and bring $100 millions to government coffers from this source in the current fiscal year.

The estimate seems a conservative one since budget figures given by the minister indicate a net return from the sales tax in 1935-36 of $77 millions. Allowing for new exemptions on materials used in the manufacture of taxable goods such as printing paper and ink in magazines, the higher impost should net almost the $23 millions estimated by the minister, without taking into consideration any improvement in business during the twelve-month period.

The highest amount ever collected by the sales tax was in 1923 when a graded tax ranging from 2¼ per cent on domestic sales to 6 per cent on imports was in vogue and netted the government $101 millions.

If business volume were to rise during the year by another 10 per cent it seems probable that an additional $10 or $12 millions might accrue to the government from this source.

The new exemptions allowed by the minister from the 8 per cent tax follow:

(1) Materials, not to include lubricating or fuel oils or plant equipment, consumed in the process of the manufacture or production of taxable goods;
(2) Crushed stone or crushed gravel to be used exclusively in the building or maintenance of provincial, county or township roads;
(3) Printing paper and printing ink for use exclusively in producing quarterly, bi-monthly and semi-monthly magazines and weekly literary papers unbound;
(4) Liver extract for use exclusively in the treatment of anaemia;
(5) Goods enumerated in Customs Tariff Items 695b (hand-made drawings, etc.) and 696a (educational films).

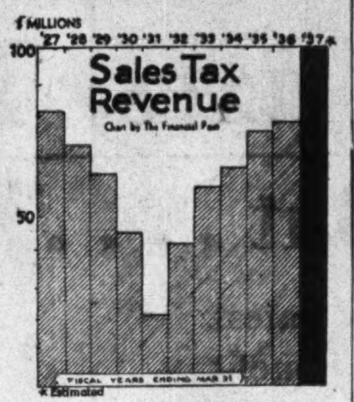
Higher Sales Tax May Drop Quality

Retail prices on most articles of men's attire will not show increases during the coming summer as the result of the raising of the sales tax from 6 to 8 per cent, in the opinion of Frank Stollery, Toronto, a prominent retailer of men's furnishings.

The sales tax will not affect summer clothing because purchases have been already made by the retailers. The manufacturer pays the tax.

Mr. Stollery differs from some merchants who thought that the consumer would have to pay the increased sales tax in the end. He doubted if the increase in prices in general would be very marked.

"The manufacturer must produce goods at a price at which the merchant can sell," he said. "Competition is so keen it prevents increase in price above a certain point. But quality of goods may suffer in the effort to keep costs down by the amount of the increased price. The retailer and the manufacturer will probably share in absorbing the increased sales tax. Wherever feasible, of course, the tendency will be to pass on the increase to the public.



SALES TAX TO BOOST PRICES

(Continued from page 11)

ments now which will have to be carried out.

It is feared in some quarters that by next spring there may be a tendency to buy cheaper goods in order to save on the tax increase. A number of retailers feel the same—that the price to the consumer might not be changed, but that lowering of the quality of certain lines of merchandise might be effected.

On the other hand, some manufacturers announce that profits are too small to warrant absorption by the manufacturer. It will be necessary either to raise the price to the consumer or rework the values of the merchandise, according to them.

Higher Book Prices May Follow Budget

"Bookseller & Stationer," Toronto

Canadian book publishers have been striving for some time to bring the retail prices of their books to the same levels as in the United States. They have been keeping their discounts a little shorter and had just about reached the point of establishing a comparable level in retail prices when the budget brought a further increase in the sales tax. This tends to set the plan back, some of them taking the stand they will have to abandon the idea and add 25 or 50 cents per book to their prices.

On stationery lines, the increased sales tax makes for higher prices to the consumer. Some manufacturers follow the policy of passing on the tax separately while others absorb it. Some of the latter may make no change in quotations.

The tourist exemption plan on gift and souvenir lines threatens to be a serious matter for the book and stationery business. Canadians will, it is thought, buy an increasing number of novelty gift and souvenir lines while in the U. S on visits, though the requirement of 48 hours will curtail it to some extent.

Book Paper Duties Drop

Are Regarded as Still Adequate With Freight Differential

Manufacturers of fine paper are protesting against the clause which tries to make up in some measure to magazines, trade papers and other "periodicals enjoying second-class mailing privileges" for the free entry given United States periodicals in the Canada-United States trade agreement.

Canadian publishers did not ask for a restoration of the duty against American publications but they did ask for easier conditions of entry for their raw materials. The Dunning budget proposes to remove the sales tax from their paper and ink, to give them a 50 per cent drawback on their paper and free entry of plates formerly dutiable under the British preference and a 7½ per cent rate under the intermediate tariff instead of 15 per cent as formerly.

The publishers argue that the manufacturers have still ample protection. The intermediate duty was 22½ per cent on super-calendered and 32½ per cent on coated paper following the trade agreement. The application of the drawback therefore gives the Canadian companies protection of 11¼ per cent and 16¼ per cent plus the 3 per cent import tax, plus the longer freight haul.

The freight haul differential is in itself considerable protection. One representative comparison shows the freight haul from a United States point to be 35 cents per cwt. plus 7 cents emergency charge, or 42 cents in all. That compares with a charge of 15 cents per cwt. for freight from a Canadian manufacturer. Thus the freight differential gives this particular company an extra protection of 27 cents per cwt., and other manufacturers have like protection and sometimes even greater protection than this. It depends on where the paper is bought and where it is shipped to.

It is probable therefore that the Canadian paper companies will be expected to get along with the protection indicated. The view at Ottawa is understood to be that they should be able to make a profit with this protection on a reasonable capitalization.

Box Firms Get Tariff Change

Concerns F. N. Burt, Hinde & Dauch, Corrugated Paper Box

Tariff change on paperboard and fibreboard containers announced among others by Hon. C. A. Dunning in last week's budget speech is helpful to such firms as Hinde & Dauch Paper Co. of Canada, F. N. Burt Co. and Corrugated Paper Box Co. They also concern the various new undertakings of Gair Co. of Canada. F. N. Burt is affected through its ownership of Dominion Paper Box Co., Toronto.

The adjustment does not alter the reduction in specific tariff rate effected from Jan. 1, 1936, by the Canada-U. S. trade agreement. It provides a minimum rate of 30 per cent in the intermediate tariff which has been extended to the United States.

Rates Compared

Comparative rates are:

	Brit. pref. lb.	Intermediate lb.	General lb.
New rates	1c.	1¼c.	1½c.
But not under	..	30%	35%
Old rates	1c.	1¼c.	1½c.
But not under	..	....	35%

It will be noted that the new minimum percentage rate which now applies to U. S. imports under the agreement is reduced from the former minimum of 35 per cent under the general tariff schedule. The effect of the change, therefore, is merely to reinstate a minimum rate, but at a lower level, in conformance with the spirit of the Canada-U. S. trade agreement.

Former Reduction

The Canada-United States trade agreement extended the intermediate tariff to American products. This brought the Canadian tariff down from 1½ to 1¼ cents a pound on paperboard and fibreboard containers. Also, however, it eliminated entirely the former minimum of 35 per cent under the general tariff that had applied to United States containers.

Canadian container firms have not objected to reduction of protection to 1¼ cents a pound. On costlier types of containers, however, the absence of a minimum rate in the Canadian intermediate tariff meant a serious blow to part of the Canadian box-making business.

The adjustment is effective for only part of the business done by Canadian firms, but is nevertheless welcomed as repairing an inadvertent discrimination in the wholesale extension of the intermediate tariff to the United States.

Additional Life Taxes Planned in Maritimes

Proposed legislation introduced recently into the N.B. legislature would make each insurance company in the province file with the provincial secretary a statement showing for the preceding calendar year its net premiums, the amount paid to policyholders and beneficiaries under contracts of insurance held in the province, and the amount that the average total loans and investments in the province for such preceding year exceeded the average total loans and investments for the year immediately previous.

On the amount of the excess, each company would be liable to pay as a tax over and above any other tax under this chapter, a certain percentage to be determined by the Governor-in-Council.

Life insurance companies are now taxed $100 plus 1½ per cent of the net premiums received. They also pay special temporary taxation of half this tax. The proposed statute aims at additional taxation for life insurance companies, which already pay a tax of $150 plus a tax on net premiums of 2½ per cent.

Income Tax Changes Few

Readily Understandable Even If Not Easily Payable

Changes in the Income War Tax Act in the budget presented last week by Hon. C. A. Dunning, Federal Minister of Finance, are easy to understand if not to pay. Addition of $6 millions to revenue is the result anticipated by Mr. Dunning.

First, the corporation income tax is raised to 15 from 13½ per cent, the increase payable on 1935 income. Where a holding company group consolidates returns of more than one company, the tax is raised to 17 from 15 per cent.

Concessions Made

Any metalliferous mine coming into production between May 1, 1936, and Jan. 1, 1940, is to be exempt from corporation income tax for the first three years following commencement of production. Otherwise mining companies can look for treatment at least as favorable as that for other industries under the income tax.

Penalty rate on overdue income tax is reduced from 4 to 3 per cent. Interest rate on unpaid installments is cut from 6 to 5 per cent.

Changes in Policy

The gift tax originally imposed in 1935 is to be payable annually rather than at the time the gift is made.

New treatment is given to some of what are termed "4 (k)" companies; those with assets situated entirely outside this country. Such companies are exempt from Canadian income tax, and hereafter this category will be confined to industrial or commercial concerns.

Investment companies with their assets situate entirely outside Canada are hereafter to pay tax on their income at half the rate of corporation income tax; this year their rate will be 7½ per cent. Such companies are to be given credit against their income tax for having paid 5 per cent tax on dividends to non-residents. They will be taxed on income undistributed since the 5 per cent tax on non-resident recipients came into effect. Hereafter 5 per cent tax against dividends paid by such companies to non-residents of Canada is to be dropped in favor of the half rate of corporate income tax.

Personal Taxes Unchanged

Mr. Dunning stated in his budget address: "In view of the extent to which provincial governments are now levying personal income taxes and the surtax on investment income imposed by the Dominion last year, it is not proposed to alter the schedule of rates on individual incomes."

Reaction to stiffer taxation of corporation incomes has been mostly one of resignation. Although corporation executives have complained for several years of the high burden of taxation, few direct complaints have been made of this year's new imposts.

Regina Council Refuses Two Power Co. Offers

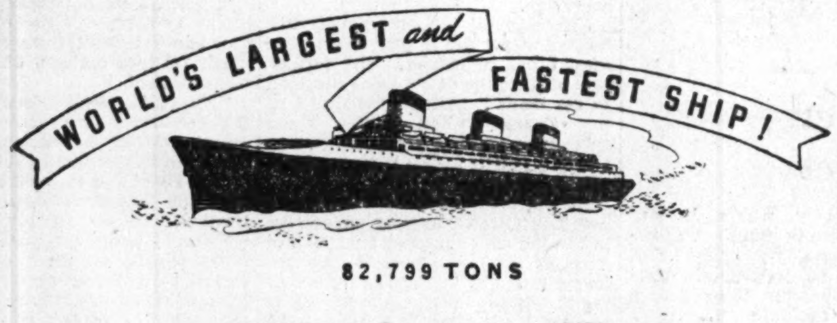
Regina City Council has decided not to accept proposals of Montreal Engineering Co. and Dominion Electric Power Co. to provide Regina with electrical energy. Both companies offered to supply needed power at a cost no greater than that paid at present and to provide greater production, thus permitting the city to avoid spending $500,000 for new equipment.

Regina's power superintendent, E. W. Bull, believed that increase of demand would enable the city in the end to generate more cheaply. The companies contested the accuracy of these conclusions but aldermen decided the city had more to gain by sticking by municipal ownership and control.

STEEL STRUCTURES
RAILWAY AND HIGHWAY BRIDGES
PLATE AND TANK WORK
ELECTRIC AND HAND POWER CRANES
HYDRAULIC REGULATING GATES AND OPERATING MACHINERY
Caissons, Barges, Coal and Ore Bridges, Liftlocks, Turntables, Gear Cutting, General Machine Work, Forgings.
DOMINION BRIDGE COMPANY LIMITED
HEAD OFFICE - - LACHINE (MONTREAL) QUE.
BRANCH OFFICES AND WORKS:
MONTREAL OTTAWA WINNIPEG VANCOUVER
AMHERST TORONTO CALGARY
AGENCIES: EDMONTON REGINA

AUSTRALIA and NEW ZEALAND.
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
(With which are amalgamated the Western Australian Bank & The Australian Bank of Commerce Ltd.)
Paid-up Capital - - - - £8,780,000
Reserve Fund - - - - 6,150,000
Reserve Liability of Proprietors - - - 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1935 - - - £115,559,000
A. C. DAVIDSON, General Manager.
747 BRANCHES and AGENCIES in the Australian States, New Zealand, Fiji, Papua, Mandated Territory of New Guinea, and London. The Bank transacts every description of Australasian Banking Business. Wool and other Produce Credits arranged.
Head Office: GEORGE STREET, SYDNEY.
London Office: 29, THREADNEEDLE STREET, E.C. 2.
Agents: Bank of Montreal; Royal Bank of Canada; Imperial Bank of Canada; Canadian Bank of Commerce.

Big men who buy—6,000 names and addresses in The Financial Post Directory of Canadian Directors and Officials. This 1934-5 edition now available at only $5. Get your copy now—only a few left.


WORLD'S LARGEST and FASTEST SHIP!

82,799 TONS

AT NOON MONDAY THE NORMANDIE RETURNS

FIRST SAILING FOR ENGLAND AND FRANCE, MAY 12

LAST JUNE, all America welcomed the NORMANDIE, World's Largest and Fastest Ship. . . . On her maiden voyage westward, she broke the record. . . . On her maiden voyage eastward, she again broke the record . . . and since that time has held undisputed possession of the Blue Ribbon of the Atlantic. She is the only ship ever to have crossed the Atlantic in less than four days!

Thousands of people have admired the splendor of her decoration . . . her dining salon, her grand salon, her theater. . . . And thousands actually have traveled on the NORMANDIE and experienced the thrilling speed of this greatest moving unit ever constructed by human hands.

During this past winter certain changes have been made in the NORMANDIE. We found, for instance, that her great speed made it necessary to screen her after-deck. Tourist Class has been rearranged and made more beautiful and comfortable even than before. Regulation of the propulsion machinery and other technical adjustments (similar to those made on your car after the first thousand miles) have eliminated the normal vibration observed on the early voyages. These are small things, but perfection is made of trifles.

Now she returns . . . more spacious, more luxurious than ever! Come and see her when she is in port. Better still, decide now to make a trip to Europe this summer aboard this marvel of the seas. Passengers for England disembark at Southampton—only two hours from London. Le Havre is only two and a half hours from Paris. And the NORMANDIE's reserve power insures your arrival exactly on time—*in any weather* (except dense fog at harbor mouth). Your Travel Agent will gladly give you his expert advice, without charge.

French Line
53 RICHMOND ST. W. TORONTO
1196 PHILLIPS PLACE MONTREAL

TO ENGLAND AND FRANCE DIRECT, AND THUS TO ALL EUROPE: MAY 12 AND 26, JUNE 16 AND 30, JULY 14, AUGUST 5 AND 19, SEPTEMBER 2, 16 AND 30.

Montreal Tramways Company

ANNUAL REPORT

For the Fiscal Year Ended December 31st, 1935

Report of the President and Directors

FOR THE YEAR ENDED DECEMBER 31st, 1935

To the Shareholders:

Your Directors herewith submit their Annual Report for the year 1935.

Operations under the Contract with the City of Montreal show the following results.

GROSS REVENUES:		
Car Earnings	$10,672,018.81	
Autobus Earnings	1,446,728.63	
Miscellaneous Earnings	235,283.70	
		$12,354,031.14
DISPOSITION OF REVENUES:		
Tramways Operation, including Taxes		$ 6,098,210.85
Autobus Operation and Depreciation		1,317,402.94
Maintenance and Renewals Allowance:		
Expended	$ 1,419,598.17	
To Maintenance and Renewals Reserve	101,314.01	
		1,520,912.18
To the Company:		
Operating Profit	$ 69,213.30	
For Return upon Capital Value, 6% on $36,286,295.00	2,177,177.70	
Return upon additional Capital Expenditures ($17,016,323.47) since basic appraisal under the Contract	1,032,243.77	
Interest on Working Capital	3,021.91	
Interest on Autobus Investment	112,208.99	
		3,393,865.67
Balance		23,639.50
		$12,354,031.14
Balance as above	$ 23,639.50	
Recovered from Contingent Reserve	10,500.00	
		$ 34,139.50
Reserve for Financing	$ 181,431.47	
Less due but unpaid	147,291.97	
		34,139.50

Operations of the Company

FOR THE YEAR ENDED DECEMBER 31st, 1935

REVENUES:		
Under Contract		$ 3,393,865.67
Other Revenue		92,949.76
		$ 3,486,815.43
DISPOSITION OF REVENUES:		
Interest on Bonds	$ 2,408,891.65	
Foreign Exchange	30,394.10	
Other Expenses	13,028.25	
Reserve for Depreciation	400,000.00	
		2,852,314.00
Balance		$ 634,501.43
Less Dividends		630,000.00
Surplus		$ 4,501.43
Surplus and Reserve Brought Forward Dec. 31, 1934		4,894,127.83
		$ 4,898,629.26
Additional Reserve for Depreciation		600,000.00
Surplus as per Balance Sheet		$ 4,298,629.26

FINANCIAL

Article 92 of the Contract of February 10, 1918, between the City of Montreal and the Company, provides that the Gross Revenues of the Company shall be used for the following purposes and in the following order:—

1. Payment of Operating Expenses and Taxes.
2. Payment of Maintenance and Renewals.
3. (a) Payment of 6% on Capital Value.
   (b) Payment of Financing Allowance—amounting to $181,431.47
4. Payment of City Rental of $500,000.00 per year.
5. Payment of Contingent Reserve Fund.
6. Division of Surplus.

The Gross Revenues under the Contract were sufficient to meet items No. 1, No. 2, No. 3 (a), and an amount of $34,139.50 of the total of $181,431.47 required under No. 3 (b) for Financing Allowance.

In 1934, the Company did not receive the balance of Financing Allowance amounting to $93,686.45. To this amount must now be added the shortage for 1935 of $147,291.97, making a total of $240,978.42 now due as shown on the Balance Sheet.

An amount of $630,000 was paid in dividends.

The number of Revenue Passengers for 1935 is as undernoted:

	TRAMWAYS	AUTOBUS	TOTAL
Revenue Passengers, 1935	175,114,739	20,776,032	195,890,771
Revenue Passengers, 1934	177,183,586	20,436,590	197,620,176
Increase	*2,068,847	339,442	*1,729,405
Increase per centum	*1.17%	1.66%	*.88%
Miles operated are as follows:—			
1935	25,405,787	5,757,230	31,163,017
1934	25,379,861	5,683,901	31,063,762
	25,926	73,329	99,255
*Decrease	.10%	1.29%	.32%

PROPERTY

Reconstruction of track work was carried out on Ontario Street, between Papineau and Frontenac Streets; on Girouard Avenue, between Cote St. Luc and Queen Mary Road, and on Westmount Boulevard, between Lansdowne Avenue and Belvedere Road.

New intersections with special track layouts were installed at St. James and McGill Streets; St. James Street and Victoria Square West; St. Catherine and Closse Streets; St. Ferdinand Street and St. Henry Place and at Mount Royal Avenue and De la Roche Street.

Altogether the Company reconstructed 3.92 miles of track during the year.

FARES

No change in fare was made during the year. The average fare was 6.09c. In Cities on this Continent with a population of over 100,000 the average fare for 1935 was 7.83c. As compared with this figure the fare in Montreal is more than 22% less.

TAXES AND SNOW REMOVAL

During the year, the Company paid as follows:

To the City of Montreal:—		
Snow Removal	$ 205,112.45	
Taxes	466,053.12	
		$ 671,165.57
To the Cities of Westmount and Outremont and to other Municipalities:—		
Snow Removal	$ 35,569.62	
Taxes	17,638.41	
		53,208.03
To the Federal Government:—		
Income Tax, etc.		145,679.80
To the Provincial Government:—		
Taxes, including Gasoline		124,872.90
Total		$ 994,926.30

The Company has paid to the City of Montreal from 1918 to December 31st, 1935, the following amounts:—

For Snow Removal	$ 3,616,833.81	
For Annual Rental	7,942,694.05	
For Taxes	6,049,539.86	
		$17,609,067.72
Expended by the Company for Maintenance of Street Pavement		3,229,705.00
		$20,838,772.72

The Company has followed closely the development of trolley buses both in England and in the United States and, having ascertained that this type of bus has been received favourably by the public in many other cities, your Directors have decided to install trolley buses on Beaubien Street.

Your Company was greatly pleased to win the Transit Journal Maintenance Award for 1935. This award, sponsored by the American Transit Association, is given to the Company which contributes most largely to the improvement of maintenance practices in the transportation industry during the year.

In February, 1935, Colonel J. E. Hutcheson, retired as Vice-President and Managing Director. Colonel Hutcheson was appointed General Manager in 1911; Vice-President and General Manager in 1924; and Vice-President and Managing Director in 1930. During these years, under his able and effective management, the Company greatly expanded its system to meet the increasing demands of transportation in the metropolitan district. Colonel Hutcheson remains as Director of the Company and his advice and counsel are therefore still available.

The Company regrets to record the death, during the year, of three of the officials of the Company:—Mr. H. E. Smith, Comptroller; Mr. J. A. Wilson, Chief Accountant; and Mr. L. C. W. Branchaud, Superintendent of Personnel. All of these officers had been associated with the Company for over thirty years and had rendered loyal and capable service.

Your Directors wish to place on record their appreciation of the faithful and efficient service of the officers and employees of the Company during the past year.

Submitted on behalf of the Board of Directors.

JULIAN C. SMITH, *President.*

General Balance Sheet

AS ON DECEMBER 31st, 1935

ASSETS

Property and Equipment as on December 31st, 1917	$41,413,435.75	
Less Reserve for Depreciation	1,000,000.00	
	$40,413,435.75	
Subsequent Additions January 1st, 1918, to December 31st, 1935	18,960,875.68	
		$59,374,311.43
INVESTMENT:		
For Account of Guarantee Fund		500,000.00
Investments (including Shares of Subsidiary and Associated Companies)		2,501,529.97
Cash in Bank and on Hand		314,148.05
Call Loans		1,235,000.00
Accounts Receivable		41,938.53
Company's General and Refunding Bonds at cost (acquired for purposes of Sinking Fund)		120,978.11
Prepaid Charges		50,193.43
Stores		414,842.77
Balance due Company from Contract on account Financing Allowance years ended December 31st, 1934 and 1935		240,978.42
		$64,793,920.71

LIABILITIES

Capital Stock "Common" (70,000 shares of $100.00 par value)				$ 7,000,000.00
First and Refunding Mortgage 5% Gold Bonds, due 1941:				
Authorized		$25,000,000.00		
Less:				
Bonds delivered to Trustee to be held as additional security for General and Refunding Mortgage Bonds	$2,260,000.00			
Unissued Bonds	1,389,000.00			
		3,649,000.00		
			$21,351,000.00	
General and Refunding Mortgage Sinking Fund Gold Bonds, due 1955:				
(Authorized $100,000,000.00)				
Series "A", 5%		$17,826,500.00		
Series "B", 5%		2,600,000.00		
Series "C", 4½%		2,500,000.00		
Series "D", 5%		5,000,000.00		
		$27,926,500.00		
Less: Redeemed by Sinking Fund		801,400.00		
			27,125,100.00	
				48,476,100.00
Series "E", 5% Bonds		$ 2,000,000.00		
Less: Redeemed by Sinking Fund		78,900.00		
In Treasury		$ 1,921,100.00		
Accounts and Wages Payable				507,606.81
Accrued Interest (Payable in U.S. Dollars or Sterling)				336,157.98
Employees' Security Deposits				26,453.44
Dividend payable January 15th, 1936				157,500.00
Suspense Account (including reserve for taxes and exchange)				813,000.28
Reserves in accordance with Provisions of Contract:—				
Maintenance and Renewals Reserve			$ 507,486.96	
Contingent Reserve			300,000.00	
Depreciation Reserve, Autobus			748,564.36	
				1,556,051.32
Reserves for Company's Account:—				
Reserve for Financing			$ 1,122,421.62	
Reserve for Unused Tickets			500,000.00	
				1,622,421.62
Surplus				4,298,629.26
				$64,793,920.71

Verified in accordance with our Report of this date.

SHARP, MILNE & CO., C.A., *Auditors.*

Montreal, March 5th, 1936.

Approved on behalf of the Directors:
Signed: J. P. B. CASGRAIN, GEORGE CAVERHILL, *Directors.*

Certified Correct:
A. A. BOIRE, *Chief Accountant.*

In The Construction World

Must Sell Construction

IN THE last five years there has been a host of improvements in building and in automobiles. There have been new devices, new materials and new low costs. But while the public has been induced to buy new motor cars in volume reminiscent of 1928 the construction industry lies near the bottom of Canadian industrial activity. Normally it should be at the top.

Not the slightest change takes place in the cheapest car, but the public is told about it instantly. If buying lags, as it did in the early '30's of the depression, then improvements are stepped up and the product is made more attractive. If necessary, costs are shaved, though this was not the main factor in getting customers to come back for new cars. Later models were made so much more comfortable, smarter and better, that the public decided it simply could not get along without them.

* * *

Secret Improvements

IN THE building industry, on the other hand, there has been almost a conspiracy of secrecy. Actual builders, engineers and architects do know that new materials have been invented or made vastly cheaper, that there are new methods of heating, ventilating and lighting. They realize that much more comfortable and cheaper office buildings, factories and houses are possible in 1936 than five years ago. They know that money is cheaper. But so far there has been little concerted attempt on the part of those different agencies responsible for construction to make potential buyers aware of recent improvements. Automobile production, of course, is in the hands of a relatively few interests, and this makes the job of publicity a much more simple one. But something along the line of the bold move by the automobile manufacturers in making their proposition practically irresistible to the average man, will be necessary before construction and particularly business and residential construction, can hope to achieve maximum volume.

* * *

April Building

VALUE of total construction contracts awarded in April is estimated to be slightly below the previous month. This announcement, however, does not mean that Canadian building has fallen off but rather that the authorities at Ottawa have not started any big public buildings lately. A year ago there were two or three projects under way. Such materially stepped up engineering and business type of construction in 1935.

A more correct impression of the practical picture is derived from statistics covering residential construction. While there is some government help here, 20 per cent of the total cost being loaned by Ottawa in the case of those houses erected under the Dominion Housing Act, the great bulk of this new building is being financed privately. Number of contracts for houses jumped sharply in April over the previous month and is expected to show further increases as the weather turns more favorable.

* * *

Eliminating Windows

APPARENTLY out of patience with the vagaries of Nature a chocolate company in Pennsylvania has constructed a small office building with no windows of any kind. The owners argued it was impossible to design an office to take the fullest advantage of both artificial and natural light. Usually it was planned for the latter and when the sun failed on dark days then an inadequate artificial lighting system had to be turned on. There were other difficulties with heating and ventilating. So this company decided to construct something independent of the outside atmosphere altogether.

The whole building, a four-story affair, is completely lighted by artificial means. The owners estimate a five per cent saving in maintenance as a result of the more efficient insulation against heat and cold by the elimination of windows. They also express the hope that improved controlled atmosphere within the building will result in more efficiency on the part of the office staff.

Sees Much Construction

The large potential demand created by deferred building projects since 1929 indicates an improving level of construction operations in Canada over coming years, states a survey by Standard Statistics. This United States authority states that building materials and labor costs have declined more sharply from pre-depression levels in Canada than in United States, although material prices have recovered moderately since 1933.

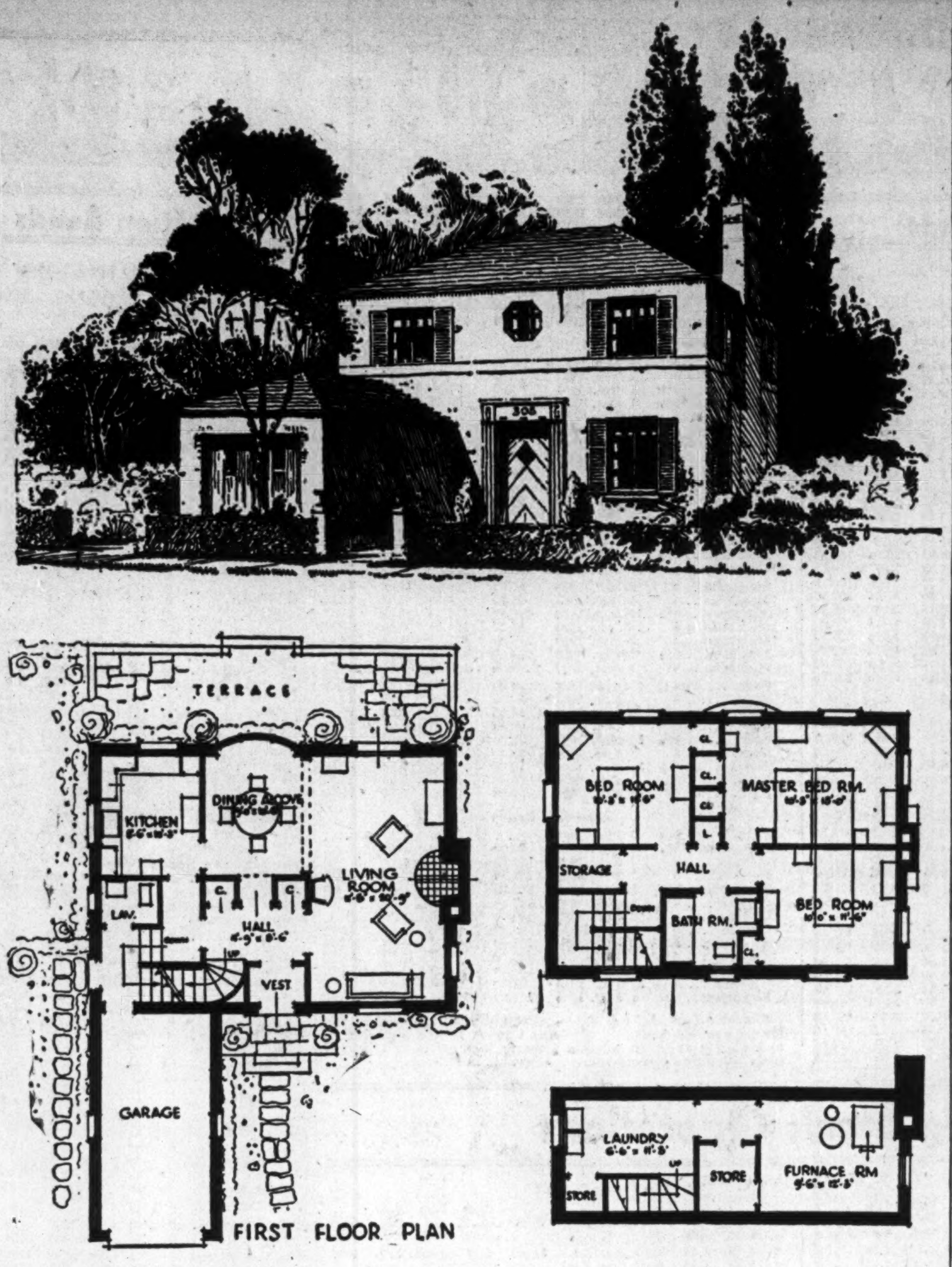
A Complete Service

These conveniently located offices of the Company are equipped to give the most complete service available in gypsum and lime products, to the architect, builder and home-owner.

Gypsum, Lime and Alabastine, Canada, Limited
PARIS, ONTARIO, CANADA

— *Branches* —

MONTREAL—905 University Tower
TORONTO—701 Federal Building
WINNIPEG
VANCOUVER—509 Richards Street



WINS SECOND PRIZE

Above plan, prepared by John Fish, M.R.A.I.C., of Montreal, was awarded one of the two second prizes in the recent architectural competition sponsored by the Dominion Housing Act Administration. The other second prize went to a design submitted by Harold Greensides, M.R.A.I.C., of Toronto. A minimum of three bedrooms and total cubic feet of 17,000 exclusive of garage were requirements of the competition, which was open to Canadian architects and judged by a committee of the Royal Architectural Institute of Canada. In contrast to the first prize winner, shown in The Financial Post last week, this design has an orthodox sloping roof. It is designed for a lot of at least 40-foot frontage. Though moderate in size and cost, it has the appearance of a much larger dwelling and possesses the advantage of a good sized living room. Additional room could be secured at low cost by fully excavating the basement.

See Home Market of $350 Millions

There is an immediate market in Canada for $350 millions of new homes with 70,000 buyers.

This is the conclusion reached in "Canada's Home Building Requirements," a survey prepared by McConnell, Baxter & Eastman, Ltd., advertising agency. It is contended that the money may be made available "providing certain interested factors will initiate the necessary action to create a demand" on the part of the potential builders.

Asks Bonus For Housing

Queen Sees Manitoba Capital With Fewer Homes Than in '35

Winnipeg needs new houses, but apparently, Mayor John Queen has come to the conclusion that it needs new money also. A few days ago he pointed out that only 97 new housing units were erected last year, as compared with 1,754 in 1929.

Mr. Queen emphasized the present shortage by stating that more houses were being demolished or condemned than were being constructed. Actually, he said, there were 34 fewer dwellings and 26 less apartment suites in 1935 than in the previous year.

To solve the problem, he suggested that federal authorities should make a straight gift of $25 for every $100 in expenditure on housing. Aid under the Dominion Housing Act, apparently, was not sufficient to get large-scale building under way in Manitoba's capital city. Mr. Queen argued the subsidy he planned would be easily repaid in cutting down heavy relief costs, as such a boost would put large numbers of men to work on building.

It would also help, he believed, in cutting down the cost of production, thus providing homes for workers in the lower wage brackets. Their earnings, he said, were merely sufficient to pay rent and other necessities, but far from adequate to meet the full charges on a modern home. The only solution of their difficulty, he argued, would be to provide some form of monetary assistance.

More Houses Are Built, But Big Jobs Scarcer

Residential construction in April showed a big jump over the previous month, according to MacLean Building Reports. This gain, however, was not sufficient to overcome the decline in contracts awarded for industrial and engineering type of building.

Total contracts awarded amounted to slightly under $10 millions compared with well over this figure for March. Residential construction was up to $3.7 millions from $2.1. Number of contracts in this construction almost doubled to 1.045.

Total contracts awarded for the first four months of the current year are estimated to be slightly better than in 1935. They amounted to almost $42 millions compared with slightly under $41 millions for the same period in 1935 and $31.3 in 1934.

Unfavorable weather and the lack of any similar government public building programme to a year ago are attributed to the small showing so far made in 1936. In private building on the other hand there has been some improvement.

City Activity

Toronto continues to lead Montreal by a wide margin in general April building with a total of almost $3 millions in contracts awarded as against under $900,000 for Montreal.

Contemplated new construction for the first four months of 1936, as estimated by MacLean Building Reports is down about $4 millions to $90.8.

Canadian Contracts Awarded

	April		March	
	No.	Value $	No.	Value $
Apartments	7	339,500	15	530,200
Residences	1,038	3,363,800	550	1,574,300
TOTAL RESIDENTIAL	1,045	3,703,300	565	2,104,500
Churches	13	119,300	11	84,200
Public garages	77	278,700	23	86,600
Hospitals	6	126,200	8	119,700
Hotels and clubs	32	188,000	25	136,300
Office buildings	32	620,300	44	238,000
Public buildings	32	278,400	16	127,300
Schools	60	152,600	12	125,200
Stores	197	650,100	172	741,700
Theatres	12	176,500	6	130,000
Warehouses	48	249,700	30	136,400
TOTAL BUSINESS	509	2,839,800	347	1,925,400
TOTAL INDUSTRIAL	60	627,700	41	1,243,000
Bridges	4	15,000	3	85,000
Dams and wharves	6	49,300	4	67,900
Sewers and watermains	15	170,600	9	160,700
Roads and streets	12	87,300	15	87,500
General engineering	20	2,322,100	33	4,615,100
TOTAL ENGINEERING	57	2,644,300	64	5,016,200
GRAND TOTAL	1,671	9,815,100	1,017	10,289,100

CARTER-HALLS-ALDINGER Company, Limited

GENERAL CONTRACTORS
PUBLIC BUILDINGS — INDUSTRIAL PLANTS
TERMINAL GRAIN ELEVATORS—STREET PAVING
POWER DEVELOPMENTS — HIGHWAY WORK
Operating All Over Canada
Offices:
TORONTO - WINNIPEG - REGINA - VANCOUVER

EVERYTHING ELECTRICAL *for the Construction Industry*

LIGHTING
Magnalux Luminaires
NOFUZ Panel Boards
MOTORS and CONTROL
ARC WELDERS and Electrodes
REFRIGERATORS
RANGES

Westinghouse

CANADIAN WESTINGHOUSE COMPANY, LIMITED
HAMILTON, ONTARIO
Branch Offices: Vancouver, Calgary, Edmonton, Regina, Winnipeg, Fort William, Toronto, Montreal, Halifax • Service and Repair Shops: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal

Way Is Cleared For Vancouver Bridge Scheme

To Call Tenders in September for First Narrows Project

BRITISH CAPITAL

From Our Own Correspondent

VANCOUVER. — Building of the Lion's Gate bridge across the First Narrows, entrance to Vancouver harbor, will be one of the most important engineering projects in Canada in recent years. It is probable the contract will be handled by a Canadian firm.

Final approval given at Ottawa last week marked the culmination of several years' negotiation between British interests undertaking the financing of the project and the various governmental authorities concerned. At first the plans were turned down because they did not provide sufficient safeguards for shipping, but the new design has removed all possible perils to navigation.

New Bridge Records

The bridge will cost approximately $7 millions. Tenders will be called for some time in September, and the project must be completed within three years. It will be 1,500 feet long, the longest of its kind in Canada, and 209 feet high—the highest suspension bridge in the British Empire.

The Lion's Gate bridge project is interesting for several reasons, one of them being that it is to be financed exclusively by a British syndicate which is developing the north shore of Burrard Inlet. More than $4 millions has already been spent by this syndicate in preliminary work. This includes development of a residential area 2,000 feet above sea level back of West Vancouver, a district that will be served by the bridge. The southern approach to the bridge will proceed through the famous Stanley Park.

Big British Investments

The bridge project is one of a series of undertakings for which British interests are responsible here within recent years. Other companies are the British Pacific Co., which owns the Marine Bldg., built in 1933; British Pacific Properties, Ltd., which has been developing the north shore area, and British Pacific Securities, Ltd., formed to handle miscellaneous investments to more than $10 millions.

The bridge is the realization of the dream of A. J. T. Taylor, a native of Victoria, who for some years has been active in London financial circles. It was Mr. Taylor who succeeded in interesting Lord Southborough and the Guinness interests in Vancouver holdings. John Anderson has been representing the syndicate in Vancouver.

It is understood that the Guinness family will take over the major block of the bonds when issued.

Proposing Standards For Air-conditioning

Fewer trade terms are more maligned and misconstrued than the term "air-conditioning." With this thought in mind, a representative committee of five different groups of manufacturers interested in air-conditioning on this continent have drafted standards for rating and testing equipment, and set forward certain definitions which it is hoped will become standard.

An interesting feature of the definitions is that there are no less than 15 different kinds of air-conditioning units listed by this group, all of which are loosely called "air-conditioning."

Columbia Refining Products Ltd., 850 West Hastings St., Vancouver, has been formed to reduce fish to oil and meal for agriculture and other purposes by the Butterfield vacuum process. A movable plant will be built in Vancouver and later moved to a point on the West Coast of Vancouver Island. (Vancouver Sun.)

Building Record Across Canada

Building permits for the leading cities of Canada for the first three months of 1936 are estimated as follows:

	1936 3 mos. $	1935 3 mos. $	1934 3 mos. $
Halifax	162,027	66,650	88,210
Sydney	6,000	4,800	350
Saint John	15,811	16,208	42,395
Montreal	812,688	765,663	407,101
Quebec	54,965	65,350	107,855
Three Rivers	7,575	10,323	760
Westmount	47,618	18,650	58,450
Brantford	23,587	46,990	38,206
Fort William	9,750	8,300	28,700
Guelph	11,275	11,525	1,750
Hamilton	198,190	140,530	45,250
Kingston	26,652	1,445	11,220
Kitchener	22,280	31,590	22,815
London	58,740	156,297	94,885
Ottawa	241,190	1,489,640	101,520
Peterborough	23,033	3,255	21,855
Port Arthur	15,571	3,768	7,152
Stratford	6,245	1,170	6,325
St. Catharines	4,573	6,506	11,693
Sarnia	18,540	8,260	8,279
Toronto	946,212	2,392,415	793,765
York Townships: Forest Hill and Swansea	669,515	388,814	406,130
Windsor	117,826	34,000	33,755
Brandon	4,016	4,000	7,096
Winnipeg	94,850	1,852,150	45,050
Moose Jaw	9,250	11,150	1,175
Saskatoon	3,555	27,865	11,085
Regina	1,481	33,550	31,495
Calgary	64,875	252,353	72,753
Edmonton	31,000	32,175	37,360
N. W'minster	67,645	36,180	12,540
Vancouver	1,823,480	422,410	270,289
Victoria	140,068	94,286	52,856

Acadia Coal Co. Future Uncertain

Need for Greater Markets, Says Nova Scotia's Minister of Mines

From Our Own Correspondent

MONTREAL—Acadia Coal Co.'s future depends almost entirely on whether or not greater markets can be found, according to a statement made by Hon. Michael Dwyer, Minister of Mines, in discussing the position of the company in the Nova Scotia legislature.

The minister said shipments from the Acadia pier at Pictou Landing were expected to be about the same as last year.

Not Paying Royalty

The 1935 operations had not been very satisfactory and the company had not paid its royalty fees to the government.

The Nova Scotia Steel & Coal Co., parent of Acadia Coal, and also in receivership, did not pay royalties for a time in 1935, but is now paying its way, according to Mr. Dwyer.

Gypsum Up

Canadian production of gypsum during January amounted to 4,887 tons as against 3,500 tons produced in January, 1935.

Do You Sell To Canadians?

Then increase your sales by studying the Canadian content of your own purchases.

You employ Canadians when you demand 100% Canadian Steel in all new buildings and equipment.

CANADIAN STEEL STRENGTH SECURITY

Dominion Foundries & Steel Limited
HAMILTON CANADA
STEEL PLATE
TIN PLATE
STEEL CASTINGS

SILENT GLOW
TRADE MARK REG. IN CAN. AND U.S. PAT. OFF.
AUTOMATIC OIL HEAT
MODERNIZE WITH ECONOMY — MORE HEAT PER GALLON
Oil Burners for Apartments, Factories, Hot Water or Steam Supply, Stoves, Heaters.
MACDONALD METAL PRODUCTS Co., Ltd. Waterloo, Que.
Over 300,000 in Use Established 1919

Protection for Private Estates

Put Stelco—the *Copper Bearing* heavily galvanized, chain link fence — around your property. Erected on Stelco Pipe for rust-resisting, sag-proof permanence. A Stelco Fence never needs painting nor expensive upkeep. Its first cost is its *last*. Made in Canada from ore to finished product. Write for booklet on home fencing. Estimates supplied without obligation.

STELCO Chain Link FENCE

THE STEEL COMPANY OF CANADA LIMITED
Hamilton: GArfield 1200 Toronto: ELgin 5361

XXX High Early Strength CANADA CEMENT

Increased knowledge of the various compounds existing in Portland Cement has led to the development of XXX HIGH EARLY STRENGTH CANADA CEMENT. With it, strengths formerly secured in seven days are now obtainable in one, and results formerly requiring twenty-eight days are secured in three.

Full advantage was taken of these facts in pre-casting, handling and driving more than seventy thousand lineal feet of concrete piling at Three Rivers, Quebec. Storage space was greatly reduced, investment in molds cut to a minimum and loss due to breakage in handling and driving entirely avoided.

Being a true Portland Cement this new product is used in exactly the same way as the standard Canada brand.

CANADA CEMENT COMPANY LIMITED
Canada Cement Company Building
Phillips Square Montreal
Sales Offices at:
Montreal Toronto Winnipeg Calgary

CANADA CEMENT CONCRETE

STOCK AND BOND MARKET QUOTATIONS

This table is confined to official prices for listed stocks. Where no recent transaction has taken place on stock exchanges, the latest available bid and asked quotations are given to indicate the current level of prices. For unlisted stocks, for which transactions are not officially recorded, bid and asked quotations by unlisted dealers are published under "Unlisted Stocks" on this page.

Montreal, Toronto, Curb

WEEK ENDING MAY 4

Government Bonds

(Furnished by Toronto Bond Traders' Assoc.)
May 6, 1936

Dominion of Canada Bonds

		Bid May 6	Asked May 6	Approx. Yield	Bid Apr. 29
Dominion . 2	15 Oct. 1936	100.20	100.60	.70	100.20
Dominion . 5	15 Nov. 1936	101.65	102.15	.88	101.85
††Dominion . 5	1 Mar. 1937	103.35	103.85	.25	103.75
‡Dominion . 5½	1 Dec. 1937	107.65	107.90	.44	107.50
Dominion . 2½	15 Oct. 1939	102.85	103.50	1.48	102.85
Dominion . 4	15 Oct. 1939	107.50	108.00	1.61	107.50
Dominion . 2	15 Nov. 1939	101.50	102.00	1.40	101.25
Dominion . 4½	1 Sept. 1940	110.30	110.65	1.92	110.00
Dominion . 5	15 Nov. 1941	113.40	113.85	2.32	113.15
Dominion . 3	15 Oct. 1942	104.75	105.25	2.12	104.35
Dominion . 2½	1 June 1943	102.50	103.00	2.05	102.50
Dominion . 5	15 Oct. 1943	114.35	114.85	2.78	114.10
Dominion . 4½	15 Oct. 1944	112.35	112.85	2.78	112.15
▪Dominion . 2½	15 Aug. '43-45	98.25	98.75	2.65	98.25
Dominion . 4	15 Oct. '43-45	108.35	108.85	2.68▲	108.15
Dominion . 4½	1 Feb. 1946	112.35	112.85	2.97	112.15
Dominion . 3½	15 Oct. '44-49	103.80	104.25	2.93▲	103.25
Dominion . 4	15 Oct. '47-52	107.40	107.80	3.18▲	107.25
Dominion . 3	1 June '50-55	99.15	99.55	3.03	98.70
Dominion . 4½	1 Nov. '46-56	110.00	110.50	3.31▲	109.65
Dominion . 4½	1 Nov. '47-57	110.00	110.50	3.39▲	109.65
Dominion . 4½	1 Nov. '48-58	110.30	110.65	3.44▲	109.95
Dominion . 4½	1 Nov. '49-59	110.40	110.75	3.49▲	110.05
▪Dominion . 3¼	15 Jan. '56-61	100.90	101.40	3.16▲	100.75

Dominion Guaranteed Bonds

		Bid	Asked	Yield	Bid Apr. 29
•G. T. P. Ry. 3	1 Jan. 1962	99.50	100.50	2.97	99.25
Can. N. Ry. 3	1 May 1944	102.50	103.25	2.55	102.25
Can. N. Ry. 3	15 Dec. '45-50	99.00	99.75	3.02	98.50
Can. N. Ry. 3	15 Feb. '48-53	98.25	99.25	3.06	97.75
•Can. N. Ry. 4½	1 Sept. 1951	113.25	114.00	3.33	113.25
•Can. N. Ry. 4½	1 Feb. 1956	113.50	114.50	3.48	113.50
†Can. N. Ry. 4½	1 July 1957	111.50	112.25	3.66	111.25
•Can. N. Ry. 4¾	15 June 1955	116.25	117.00	3.53	115.75
Can. N. Ry. 5	1 Feb. 1954	115.75	116.75	3.72	115.50
•Can. N. Ry. 5	1 July 1969	116.75	117.50	3.10▲	116.50
•Can. N. Ry. 5	1 Oct. 1969	118.25	119.00	3.51▲	118.00
•M. Harb. C. 5	1 Nov. 1969	118.50	119.50	3.50▲	118.50

Provincial Government Bonds

		Bid	Asked	Yield	Bid Apr. 29
Eastern—					
N. Bruns. .. 4	1 Sept. 1954	104.25	105.25	3.61	103.50
†N. Bruns. .. 4½	15 Apr. 1961	109.00	110.25	3.86	109.00
†N. Bruns. .. 5	15 Jan. 1960	114.00	115.50	3.96	114.00
N. Scotia .. 3	2 Sept. 1945	99.00	100.00	3.00	99.00
N. Scotia .. 4½	15 May 1943	107.50	108.50	3.15	107.50
†N. Scotia .. 4½	15 Sept. '47-52	109.75	110.75	3.36▲	110.00
†N. Scotia .. 5	1 Mar. 1960	115.50	116.50	3.93	115.00
•Ontario 4	1 June 1962	103.75	104.75	3.72	103.00
•Ontario 4½	1 Sept. 1944	110.00	111.00	3.00	110.25
Ontario 4½	1 June 1950	108.75	109.75	3.63	108.50
•Ontario 4½	15 Jan. 1962	109.00	110.50	3.86	108.50
Ontario 5	15 Oct. 1948	111.25	112.25	3.76	110.75
•Ontario 5	2 Dec. 1960	117.50	118.50	3.84	117.50
Ontario 5½	1 July 1946	114.00	115.00	3.76	113.50
O. H. C. 3½-4-5	1 Oct. '33-53	101.50	102.50	4.25•	101.25
Ont. Hyd. C. 4¾	1 Jan. 1970	111.00	112.00	4.09	111.00
P. E. I. 3	1 Oct. 1945	99.00	100.00	3.00	99.00
Quebec 4	15 Mar. 1952	106.50	108.00	3.38	106.50
Quebec 4¼	1 Aug. 1958	109.50	111.00	3.53	109.50
Quebec 4½	3 Jan. 1963	111.50	113.50	3.73	111.50
Western—					
Alberta ... 4	15 Dec. '49-54	74.00	77.00	6.05	74.00
†Alberta ... 4	1 Dec. 1957	75.00	78.00	5.78	75.00
Alberta ... 4½	1 Oct. 1931	81.00	82.50	6.28	80.00
†Alberta ... 4½	1 Oct. 1956	78.00	80.00	6.24	78.00
†Alberta ... 5	1 Jan. 1948	79.00	81.00	7.42	78.00
Alberta ... 5	1 Sept. 1955	77.00	80.00	6.87	78.00
•Alberta ... 5	1 Oct. 1959	80.00	82.00	6.52	79.00
†Alberta ... 5½	1 Jan. 1947	81.00	83.00	7.83	80.00
Alberta ... 6	1 Mar. 1947	81.00	83.00	8.40	80.00
†Brit. Col. .. 4	1 Dec. 1957	90.00	92.00	4.58	87.00
•Brit. Col. .. 4½	15 Jan. 1951	93.00	95.00	4.97	90.00
†Brit. Col. .. 4½	1 Oct. 1953	93.00	94.50	4.97	90.00
†Brit. Col. .. 5	15 Jan. 1948	96.00	97.50	5.28	93.00
Brit. Col. .. 5	1 Sept. 1953	95.50	97.00	5.27	92.00
Brit. Col. .. 5½	1 Feb. 1945	95.50	97.00	5.98	93.00
Brit. Col. .. 6	15 Feb. 1947	97.00	99.00	6.12	94.00
Manitoba .. 4	2 Jan. 1950	97.50	99.00	4.09	95.00
†Manitoba .. 4	1 Dec. 1957	97.50	99.00	4.07	95.00
†Manitoba .. 4½	15 Dec. 1956	100.00	101.50	4.40	99.50
†Manitoba .. 5	15 June 1954	104.00	105.50	4.55	103.00
•Manitoba .. 5	2 Dec. 1959	105.50	107.00	4.52	104.00
Manitoba .. 5½	1 Oct. 1955	104.50	105.50	5.05	103.50
Manitoba .. 6	1 Apr. 1947	105.50	106.50	5.21	104.50
Sask. 4	15 Aug. 1953	86.00	87.00	5.13	85.00
Sask. 4	1 Nov. '55-60	85.50	86.50	4.96	84.00
•Sask. 4½	2 July 1945	95.00	96.50	4.96	93.00
†Sask. 4½	1 Oct. 1951	93.50	94.50	5.01	92.00
†Sask. 4½	15 Mar. 1960	92.00	93.50	4.97	90.00
Sask. 5	1 Aug. 1958	95.50	96.50	5.27	92.00
†Sask. 5½	15 Nov. 1946	98.00	100.00	5.50	95.00
Sask. 5½	1 Oct. 1952	98.00	100.00	5.50	95.00
Sask. 6	15 Mar. 1952	99.00	100.50	5.95	97.00

Municipal Bonds

		Bid	Asked	Yield	Bid Apr. 29
†Calgary ... 5½	2 June 1944	....	80.00	9.00	....
†Edmonton .. 5½	1 Nov. 1945	80.00	84.00	7.93	....
†Halifax ... 5	1 July 1961	112.00	114.00	4.11	112.00
Hamilton .. 5	1 May 1950	108.75	110.75	3.98	107.25
Montreal .. 5	1 Mar. 1945	102.25	103.50	4.52	102.00
Ottawa 4½	1 July 1945	107.00	109.00	3.33	107.00
†Quebec 5	1 June 1959	104.50	106.00	4.58	104.50
Regina 5	1 July 1944	80.00	85.00	7.49	80.00
St. John ... 5	15 Dec. 1950	107.00	108.00	4.28	107.00
†Toronto ... 4½	1 Jan. 1955	108.50	110.50	3.72	108.50
Vancouver . 5	1 June 1969	83.00	87.00	5.89	85.00
Victoria ... 5	21 July 1945	86.00	90.00	6.53	88.00
Winnipeg .. 5	1 Mar. 1944	101.00	103.00	4.54	100.00

•Payable Can., N.Y. & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. •Calculated to maturity although callable prior to that date. ‡Exempt from Dominion income tax. ▪Payable in N.Y.

Mining Stock Quotations

WEEK ENDED MAY 4, 1936

Corporation Bonds

(Furnished by Toronto Bond Traders' Assoc.)
May 5, 1936

Public Utility Issues:	Int. Rate %	Due	Bid May 5	Asked May 5	Bid Apr. 28
‡Avalon 'Phone.	5½	'48	101	...	101
Beauharnois ..	5½	'73	81½	84½	82
Beauharnois ..	5	'73	26	29	26
•Bell T'phone ..	5	'55	115	118	115
•Do.	5	'57	119½	122½	120
†B. C. Power ..	5	'60	103	106	103
†Do.	5½	'60	104½	107½	104½
†B. C. T'phone .	5	'60	105½	108½	105
†Calgary Pwr. ..	5	'60	97½	100½	96½
Do.	5	'64	93½	96½	93
†Can. Nor. Pr. .	5	'53	103½	106	103½
Dom. Gas	6½	'45	90	93	86
§Duke-Price Pr.	6	'66	105	106	105
•Gatineau Pwr.	5	'56	97	99½	95
•Do., A	6	'41	89½	92½	88
•Do., B	6	'41	89	92	87
•Int.'l. Hydro ..	6	'44	42½	45½	40
Int'l. Power ..	6	'57	95	98	...
Do.	6½	'57	98	101	...
†Maclaren-Que..	5½	'61	79½	82½	82
Do.	5½	'64	78½	81½	81
•Manitoba Pwr.	5½	'51	80½	83½	79
†Mtl. Island Pr..	5½	'57	103½	106½	103½
†Montreal Pr. ..	3½	'58	101	103½	101
†Mont'l. Tram..	5	'55	83	86	83
†Do.	5	'41	101	104	100½
Nat'l. L. & P...	6	'49	96	99	96
†N.S. L. & Pr...	5	'58	104	107½	104
†Ottawa Light .	5	'57	106	109	106
†Ottawa Val. Pr.	5½	'70	77½	80½	77
†Power Corp. ..	4½	'59	95	98	94½
•Quebec Pwr. ..	5	'68	104	107	104
†Shawinigan ...	4½	'70	102	105	102
†S. Canada Pr..	5	'55	105	108	105
†United Secs. ..	5½	'52	82½	85½	83
•Winnipeg Elec.	6	'54	82½	85½	81
Industrial and Realty Issues:					
Abitibi Pwr. ..	5	'53	45	48	42½
†Acadia Sugar..	4½	'55	99	102	99
†Alta. P. Grain.	6	'46	97½	100½	97
‡Asbestos Corp..	5	'42	101½	...	101½
B. A. Oil	4	'45	104	106	104
Can. Biscuit ..	6½	'46	24½	27½	22
Canada Bread .	6	'41	108½	...	108½
†Can. Cement ..	5½	'47	105½	108½	105½
†Can. Paper ...	6	'45	102½	...	102½
‡Can. Ss. Lines.	5	'43	102½	...	102½
Do.	6	'41	58½	61½	54½
†Can. Canners .	6	'50	105	106	105½
•Can. Int. Pap.	6	'49	81½	84½	83
C. P. R.	4½	'44	100	103	100
Do.	3½	'51	93½	96½	92½
Do.	4	'49	102½	105	102
Can. Rail & H.	6½	'51	60	63	60
†Can. Vickers ..	6	'47	89½	92½	88
Cons. Paper ..	5½	'61	30	33	27
†Dom. Canners .	6	'40	113	114	113
Dominion Coal	5	'40	94½	97½	...
†Dominion Tar .	6	'49	104½	107½	103½
†Donnacona P..	5½	'48	68	71	68
†East. Dairies ..	6	'49	83	86	83
†Fam. Players .	6	'48	105	106	105
†Do.	6½	'48	105	106	105
†Federal Grain	6	'49	99	102	98½
Fraser Cos.• ..	6	'50	109	112	110
†G. Steel Wares	6	'52	100½	103½	100
Gt. Lakes Pap.	6	'50	51	54	47
†Gypsum, Lime.	5½	'48	95½	98½	95½
Ham. Cottons.	5½	'48	102	...	102
•Hinde & Dauch	5½	'48	102½	...	102½
Inter City Bak.	5½	'48	103	...	103
Inter-City W. Bakeries	6½	'50	37	40	38
Kingston Elev.	6	'50	95½	98½	95½
Lake St. John P. & Pa. ...	6½	'47	93½	96½	93
†Lon. Can. Inv.	4½	'48	89	93	89
London Rlty. .	6	'50	95	98	94
†Massey-Harris.	5	'47	89	92	90
McColl-Front. .	6	'49	104½	107	104½
†Mercury Mills.	5½	'53	64	67	64½
Met. Building .	7	'44	100	...	100
M. & O. Paper	6	'45	30	33	27
Mtl. Dry Docks	6	'48	80	83	80
N. Ont. Bldg. .	6½	'39	96	100	96
Ontario Bldg..	6½	'43	34	37	34
Price Bros. bds.	6	'43	123	126	123
•Prov. Paper ...	5½	'47	101½	104½	101½
Queen's Hotel.	6	'47	93	97	93
•Reliance Gr. ..	6	'48	103	106	103
Rich. B. Bldg.	6½	'47	88	...	97
‡Riordon Pulp .	6	'42	104½	...	104½
Ritchie Cut Stone	6½	'48	95	...	98
†Rolland Paper.	5½	'48	104½	107½	104
Ruddy & Co...	6½	'48	98½	101½	99
†Simpsons Ltd. .	6	'49	104½	107	104½
Do.	5½	'49	102½	...	102½
†Smith, How'd..	5½	'53	104	107	104
‡Steel of Can. ..	6	'40	113	...	113
Toronto Carpet	6	'44	103	...	103
United Corpns.	5	'53	93½	96½	94
United Gas ...	5½	'48	98	101	...
United Grain ..	5	'48	97½	100½	97½
Do.	5½	'49	102	105	102
Zimmerknit ..	6	'51	97½	...	95

‡Payable in Canada or U. K. †Payable in Can., U. S., or U. K. §Payable in U. S. only. •Payable in Can. or U. S. •Unstamped.

Unlisted Mines

May 5, 1936

	Bid	Asked
Albany River	.41	.43
Ardeen	.24	.26
Arno	.09½	.10½
Athona (Gt. B. L.)	.46	.49
Bailor	.04	.04¾
Bidgood Kirkland	1.75	1.80
Bankfield Gold	.60	.65
Big Master	.40	.43
Blue Star	.40	.42
Bosquet Gold	.16	.17
Callinan	.12	.14
Can. Kirkland	.03	.03¾
Canusa Mining	.20	.22
Capital Rouyn, new	...	.13
Casey Contact	.05½	.06½
Casey Summit	.22	.21
Central Porcupine	.19	.21
Chromium	1.80	1.90
Condor	.09	.10
Cuniptau	.27	.29
Dunlop, new	.10	.12
Dorval Siscoe Gold	.14	.16
El Bonanza	.06	.08
East Malartic	.33	.35
Frontier R. Lake	.12	.14
Galatea	.05	.06
Gilbec	.07	.08
Gold Eagle	.63	.65
Goldside	.11	.13
Greenlaw	.05	.07
Horseshoe	.06	.07
Hudson Patricia	.18	.20
Hutchison Lake	.09	.11
Jellicoe	.12	.13
Johnson Nipigon	.04½	.05
Kaw Crow	.22	.25
Keora Mines	.05½	.06½
Lafayette L. Lac	.08	.09
Lamaque Gold	3.50	3.60
Leitch Gold	.57	.60
Long Lac Lagoon	.14	.16
Madsen Red L.	.41	.43
MacL. Cockshutt	2.70	2.75
Magnet Lake	.09½	.10½
Matachewan Can.	.16	.18
May Spiers	.25	.28
McCarthy Webb	.14	.16
Moffatt Hall	.11	.12
Mosher	.40	.42
Moffatt Hall (new)	.43	.46
North Shores	.03½	.04½
Norlake	.28	.30
Oklend	.45	.48
O'Leary	.08½	.09½
Opemiska Copper	1.32	1.42
Opemiska Mines	.14	.16
Oriole	.09¼	.10¼
Pascalis	.18	.21
Phoenix	..	.35
Proprietary M.	.34	.36
Queen Lebel	.10	.12
Rice Lake	.08	.09
Sladen	.40	.42
Skookum	.19	.21
Smelter Gold	.06	.07
South Keora	.10	.11
Springer	.08	.10
Sturgeon R. Gold	.48	.50
Thompson Cadillac (new)	.36	.33
Wells Long Lac	.08	.10
Wendigo	.16	.18
Wingold	.11	.13
Winoga	.22	.23
Young Davidson	.23	.25
Young Shannon	.13½	.15½

Investment Trusts

	Bid	Asked
Trans-Canada	11.70	12.50
All Can. Com. Trustee Shs.	11.60	12.25
Grouped Income	5.53	6.05
Can. Amer. Trust	3.80	....
Can. Equity	13⅛	13½

Listed Bonds

Week Ended May 4, 1936

	Int. rate	Due	High	Low	Range 1936 High	Range 1936 Low
Mtl. L. H. & P. Debs	3	'39	50½	50½	51	50
McNish	6	'48	3.20	..	3.75	3.00

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)
May 5, 1936

	Bid	Asked
Acadia Sugar, c.	4.05	4.60
Do., pfd.	4.75	5.05
Acme Farmers Dairy, pfd.	37.50	40.00
Algoma Steel New, c.	...	48.00
Do., New pfd.	60.00	65.00
Andian National	48.00	50.00
Assoc. Tel. & Tel. pfd.	44.00	47.00
B. C. Pulp & Paper, c.	.75	1.50
Do., pfd.	6.00	8.00
Burns & Co., A	10.00	12.00
Do., B	5.00	6.00
Canada & Dom. Sugar	58.00	60.00
Canada Starch, pfd.	90.00	93.50
Canada Tea, pfd.	35.00	...
Can. Tube, 1st pfd.	49.25	...
Can. Wire & Cable, pfd.	100.00	103.00
Can. Industries, A, com.	211.00	...
Do., B, com.	210.00	...
Do., pfd.	158.00	161.00
Can. Ingersoll Rand	...	120.00
Can. Power & Pap. Inv. p.	6.00	...
Can. Westinghouse	61.00	64.00
Chase, A. W., pfd. bonus	25.00	26.25
Conduits Nat. New, com.	3.00	3.50
Dom. Found. & St. c. (new)	33.75	35.00
Do., pfd. (new)	85.00	90.00
Dominion Rubber, pfd.	98.00	101.00
Dunlop Tire, pfd.	64.00	67.00
Eastern Dairies, pfd.	12.00	14.00
Edm. City Dairy, pfd.	60.00	...
Federal Grain, com.	2.50	3.50
Do., pfd.	50.00	55.00
Goderich Elevator	8.50	9.50
Greening Wire, pfd.	103.00	106.00
Guelph Carpet, pfd.	104.00	108.00
Do., com.	16.00	17.00
Highland Dairy, com.	2.50	3.00
Do., pfd.	76.00	82.00
McLaren Power, com.	10.00	11.00
Mercury Mills, pfd.	9.00	11.00
Morrow Screw, pfd.	92.00	...
New Meth. Laund. pfd. bon.	77.00	80.00
Provincial Paper, pfd.	97.00	100.00
Reliance Grain, pfd.	85.50	88.00
Rob. Cons. Cone	8.00	9.00
Ruddy, E. L., pfd.	40.00	...
Silverwood's Dairies, pfd.	40.00	...
Std. Fuel pfd. bonus	105.00	108.00
Supertest Pet. B, pfd.	27.00	29.00
Toronto Carpet, com.	30.00	...
Do., pfd.	38.00	...
United Steel A, pfd.	5.50	6.00
West. Grain, pfd. bonus	17.00	20.00
Western Grocers, pfd.	107.00	110.00
Trust & Loan Stocks:		
Chartered Trust	81.00	84.00
Guelph Ont. Inv. Sav.	47.00	51.00
London & West. Trust	53.00	...
Sterling Trust	36.00	...
Traders Fin. B, pfd. bonus	80.00	81.00
Trusts & Guarantee	40.00	42.00
Insurance Stocks:		
British America	42.00	44.00
Canada Life	525.00	...
Canadian Fire	76.00	82.00
Can. Ins. Shares, com.	11.00	14.00
Confed. Life 20% pd.	116.00	121.00
Cont. Life 20% pd.	35.00	39.00
Crown Life	105.00%	...
Dominion Fire	115.00	...
Dominion Life, 50% pd.	250.00	300.00
Dom. of Can. Gen.	118.00	...
Empire Life, 25% pd.	7.00	8.50
Excelsior Life, 30% pd.	68.00	72.50
Federal Fire, 25% pd.	39.00	...
Fidelity Ins. of Can.	47.00	51.00
Great West Life	387.00	398.00
Guar. of N. A. fully pd.	245.00	...
Halifax Fire	21.00	22.50
Imperial Life	330.00	...
Manufacturers Life	260.00	268.00
Monarch Life, 10% pd.	19.00	21.50
National Life, 25% pd.	...	50.00
Sovereign Life, 25% pd.	16.00	19.00
Sun Life	480.00	510.00
Toronto General	4.50	5.20
Western Assur., com.	42.50	46.00
Do., pfd.	39.00	42.00
Theatre Stocks:		
Allens Beach, pfd.	57.00	63.00
Do., Calgary, com.	5.00	7.00
Do., Kingston, pfd.	60.00	...
Do., Parkdale, pfd.	46.00	50.00
Do., Toronto, pfd. bon. c.	28.50	32.50
East. Theatres, com.	3.50	5.00
Do., pfd.	75.00	80.00
Loew's London, pfd.	2.50	3.50
Do., Toronto, pfd.	111.00	115.00
Mansfield Theatre, pfd.	30.00	...
Para. Kitchener, pfd.	40.00	...
Do., Oshawa, pfd.	85.00	94.00
United Amusement, A	...	20.00
Do., B	15.00	17.00
Investment Trust Shares:		
Can. Gen. Invest.	...	...
Can. Investors	7.35	8.15
Can. Int. Inv. Trust Units	57.00	...
Cons. Div. Std., Sec. Units	13.00	15.00
Debenture & Sec. pfd.	52.00	...
Dom. Scott. Inv. Units	30.00	34.00
Foreign Power Sec., pfd.	13.50	15.50
Invest. Founda. Units	30.00	53.00
Sec. Holding Units	21.00	...
United Corpns., A	23.00	24.00
Do., B	9.00	10.00
Power Issues:		
Can. L. & Power, com.	20.00	23.00
Can. Pub. Service, pfd.	22.50	26.00
Can. West. Nat. Gas, pfd.	95.00	98.00
Do., com.	27.50	...
Great Lakes Pwr., pfd.	88.00	92.00
Inter. Util. 7.00 pfd.	78.00	...
Nor. Ont. Power, pfd.	100.00	102.50
Nova Scotia L. & P., pfd.	100.00	103.00

Mining Dividends

	Rate	Close May 4	Yield %
Anglo-Huronian	20c	4.60	..
Beattie Gold	†5c	1.45	..
Bralorne	10+5	7.25	..
Buff. Ankerite	20c	5.60	3.6
Bulolo Gold	2.60	32.25	8
Cariboo	10c	1.39	7.2
Coniagas†	12½c	3.25	..
Cons. Smelters	$2.50+$4	256.00	..
Dome Mines	$2+$2	53.25	7.5*
Falconbridge	30c	8.15	3.7
Hollinger	65c+25c	15.12	5.9
Howey Gold	5c	.58	..
Hudson Bay	$1	26.25	..
Int. Coal & Coke‡	1c	.20	..
Inter. Mining	60+5	11.00	5.9*
Int. Nickel, c.	$1.20	45.50	2.6
Kirk. Lake‡	3c	.42	..
Lake Shore	$2+$2	54.75	7.3*
Macassa	15c	3.75	..
McIntyre	$2	44.00	4.5
McKenzie R. Lake	†3c	1.44	..
McKinley Sec.	2½c	.50	..
McWatters Gold†	5c	1.44	..
Nipissing	25c	2.50	..
Nor. Can. Mining	2c	.40	..
Noranda	$2	52.25	3.8
Pickle Crow†	5c	6.50	..
Premier	12c+1c	2.30	5.6*
Pioneer, B.C.	80c	9.90	8
Reno	12c+2c	1.18	11.8*
San Antonio	21c	2.40	9
Siscoe	20c+1c	3.37	6.2*
So. Amer. Gold	30c	6.00	5
Sylvanite	20c	2.41	8.3
Teck-Hughes	40c	4.75	8.4
Toburn	8c	1.30	6.2
Ventures	†2½c	1.30	..
Wright-Har.	40c+20c	8.00	7.5*

‡Interim. †Initial. *Yield includes bonus.

Winnipeg Stocks

(Transactions from Apr. 26 to May 2)

	Sales	High for period	Low for period	Close May 2
Amer. Radiator	100	19½	19½	19½
Ardeen	500	.25½	.23½	.25½
Bailor Gold	6,600	.04	.03½	.04
Cres. Cream.	1	33	33	33
Geneva	400	11	11	11
Forty-four	5	11	11	11
Flin Flon	5,000	.24	.23	.23
Gold Lake	12,000	.45	.37	.39
Gurney Gold	2,500	.40	.39	.39
Island Lake	3,900	.03½	.03	.03½
Knee Lake	3,000	.04	.03½	.04
Jowsey Is.	3,100	.25	.24	.24
Kingfisher	500	.02	.02	.02
Optic Lake	140	1.45	1.40	1.45
Ore Grande	4,400	.09	.07½	.09
Rice Lake	31,200	.08½	.06	.08½
Rice L. Units	95	6	3½	6
Scotia	1,300	.04	.03½	.03½
United Grain	21	14	13	13
Wingold	9,650	.07	.06	.07
Wylie Dom.	8,200	.40	.38	.40

Stocks Not Traded in During Week

	Bid	Ask.
Beaver Fire Ins.	131	100
Can. Indemnity	..	10
Comm. Securities	..	25
Home Invest.	8	9½
Northern Trust	..	10
Pelissiers, c.	25	30
Pelissiers, pref.	71	..
Traders Bldg.	3	4½
West. Steel, pf.	..	2
West. Brew.	..	..

*Stocks more active on other exchanges not included.

.. *presenting*

the newest and smartest for Spring ... in

Suitings and Overcoats

This interesting Spring assembly of suitings and overcoats, for men who discriminate, includes weaves that are distinctive, yet inconspicuous, and when tailored to your exacting requirements will lend an air of refinement found only in LEVY BROS. clothes for men.

Levy Bros.

69 WEST KING ST.

TORONTO

Winnipeg's Newest Hotel
The Marlborough
In the Heart of the City
Fireproof Construction
European Plan
Rates in Keeping with the Times
220 Rooms

TRANSFER AGENT

This institution is fully equipped to render a complete service as Trustee, Registrar, Transfer Agent, Agent under Escrow or Pooling Agreement, etc.

Should you desire to use any of these services, we would be pleased to discuss them with you.

MONTREAL TRUST COMPANY
61 Yonge St., Toronto
J. F. HOBKIRK, Manager

JUST a few steps to the financial, shopping and theatre districts. Comfortable beds . . . spacious outside rooms . . . silent mail signals . . . "known for good food"

Rooms $2.50 up—with bath $3.50 up. Write for booklet

BISMARCK HOTEL
RANDOLPH AT LA SALLE
CHICAGO

GLOBE ENVELOPES LIMITED
Makers of *Well Gummed* Envelopes
360 ADELAIDE STREET WEST-TORONTO

TOOLE, PEET & CO.
LIMITED
FINANCIAL AGENTS
Appraisers and Valuators
Estates Managed
CALGARY CANADA

WAREHOUSE ACCOMMODATION
Quick deliveries to Western Ontario points.
Large, modern fireproof buildings on C. P. R. and C.N.R. sidings.
Space available for light manufacturing.
Full information on request from:
FIREPROOF WAREHOUSES
LIMITED
London — Canada

Canadian Pacific Express
Travellers Cheques
Are World Currency
Carry them on your next trip and be assured of travel comfort.
Get them from any agent of the Canadian Pacific & most Banks

Investors' Chronicle
6d Established 1860 6d
Has the Largest Net Sales of any Weekly Financial Newspaper in Great Britain
OVERSEAS FINANCE
Special Correspondents in all Financial Centres
A free specimen copy will be forwarded on post card application to:
THE PUBLISHER,
INVESTORS' CHRONICLE,
20, BISHOPSGATE,
LONDON E.C. 2, ENG.

Gain in Bank Deposits Offset by Investments

Chartered Institutions Increase Holdings of Canadian Government Securities — Loans Further Reduced During March

Funds on deposit are again flowing into Canadian chartered banks, reversing the temporary downtrend noted in February.

The rise of $50 millions in deposits during March, over the previous month, was accompanied, however, by more encouraging developments in the use of bank funds for investment. The entire increase was absorbed by a corresponding gain in Canadian government, municipal, public securities other than Canadian, and "other" securities.

Use of bank credit in Canada is now definitely in the direction of investment rather than loans, the latter showing a further decline of $6.5 millions during March, and now standing at a figure $104.4 millions under that of March, 1935.

Government Holdings

For the banks, the chief outlet continues to be Dominion government securities, and of the total $1,315.4 millions of all banks' investments at the end of March no less than $1,070.5 millions represented investments in Canadian government securities, of which $485.2 millions were short term, and $585.3 were long term issues.

Increases in all forms of investment are revealed by The Financial Post's compilation, including a $12.2 millions' rise in "other securities," as well as smaller increases in holdings of municipals.

In all, the total of bank investments and loans at $2,256.2 millions at the end of March shows a $43.8 millions' gain over the previous month and a substantial increase of $240.9 millions over the $2,015.3 millions reported for March, 1935.

Loans Lower Than 1935

The decline in loans from $1,045.2 in March, 1935, to $940.8 last month, a drop of $104.4 millions is particularly significant of the trend in use of Canadian bank credit, investments in that period having risen $345.3 millions during the same 12 months.

Demand deposits increased at more than twice the rate of savings during March, rising $35.1 millions from $533.7 in February to $568.9 in March, while the gain in savings deposits amounted to only $14.8 millions, bringing the total for last month to $1,532.1 millions. Foreign deposits were $18 millions higher for the month at $414.3 millions.

Increases are recorded by chartered banks during March in both liquid and gross assets, as shown in the table below. Note circulation was slightly lower.

Use of bank credit is indicated by the following:

Use of Bank Credit in Canada
(In millions of dollars)

	Mar., 1936	Feb., 1936	Change	Mar., 1935	Change
	$	$	$	$	$
Loans	940.8	947.3	—6.5	1,045.2	—104.4
Invests.	1,315.4	1,265.1	+50.3	970.1	+345.3
Total	2,256.2	2,212.4	+43.8	2,015.3	+240.9
Depos.	2,101.0	2,051.0	+50.0	1,959.1	+40.9

ASSETS

	March, 1936	February, 1936	Change	March, 1935	Change
	$	$	$	$	$
Immediately Available Liquid Assets					
Canadian coin	5,991,759	5,875,032	+116,727	6,959,780	—968,021
Bk. of Can. notes ..	32,550,266	30,880,491	+1,669,775	51,161,835	—18,611,569
Bk. of Can. deposits	188,202,912	186,934,473	+1,268,439	149,028,898	+39,174,014
Bank's cash	226,744,937	223,689,996	+3,054,941	207,150,513	+19,594,424
Other bank notes ..	7,008,273	6,493,543	+514,730	6,364,153	+644,120
Gold & sub. coin ab'd	10,231,839	9,823,286	+408,553	9,481,493	+750,346
Foreign banks	124,438,406	124,357,068	+81,338	90,560,482	+33,877,924
Foreign curr.	22,413,880	23,112,885	—699,005	20,712,024	+1,701,856
Gov. sec. short term	485,253,136	479,353,305	+5,899,831	412,522,547	+72,730,589
Do., long term ...	585,339,230	561,931,160	+23,408,070	385,209,097	+200,130,133
Call loans abroad ..	69,472,594	62,130,021	+7,342,573	94,118,143	—24,645,549
	1,530,902,295	1,490,891,264	+40,011,031	1,226,118,453	+304,783,842
Loans and Securities Other Than Those of Canadian Government					
Municipal secs.	106,748,565	103,243,703	+3,504,862	94,311,066	+12,437,499
Public secs.†	53,122,096	47,881,787	+5,240,309	37,759,215	+15,362,881
Other secs.	84,996,702	72,707,740	+12,288,962	40,313,437	+44,683,265
Can. call loans	76,920,514	78,259,633	—1,339,119	80,515,080	—3,594,566
Current loans	732,657,582	741,591,724	—8,934,142	819,133,461	—86,475,879
Loans abroad	140,357,521	145,623,539	—5,266,018	137,530,214	+2,827,307
Prov. loans	24,943,195	22,380,562	+2,562,633	28,187,254	—3,244,059
Mun. loans	106,345,727	105,079,620	+1,266,107	117,430,183	—11,084,456
	1,326,091,902	1,316,768,308	+9,323,594	1,355,179,910	—29,088,008
Other Assets					
Non-curr. loans	13,709,619	13,566,599	+143,020	14,517,462	—807,843
Real estate	8,698,763	8,614,445	+84,318	7,900,608	+798,155
Mortgages	5,318,089	5,308,677	+9,412	5,509,142	—191,053
Premises	75,806,717	76,130,983	—324,266	77,498,772	—1,692,055
Letters of credit ...	61,318,860	58,008,873	+3,309,987	53,828,339	+7,490,521
Loans to comp.	10,598,111	10,676,314	—78,203	13,288,683	—2,690,572
Other assets	2,019,826	1,896,869	+122,957	2,748,610	—728,784
	177,469,985	174,202,760	+3,267,225	175,291,616	+2,178,369
Total	3,034,464,182	2,981,862,332	+52,601,850	2,756,589,979	+277,874,203
Note circ. dep.	6,886,788	6,879,684	+7,104	6,724,046	+162,742
Int. bank bal.	101,695,378	84,116,294	+17,579,084	81,516,974	+20,178,404
Gross	3,143,046,348	3,072,858,310	+70,188,038	2,844,830,999	+298,215,349
LIABILITIES					
To the Public					
Circulation	123,665,982	124,385,537	—719,555	124,675,833	—1,009,851
Dom. Govt.	55,501,237	65,214,342	—9,713,105	14,345,717	+41,155,520
Prov. Govt.	40,141,423	35,726,594	+4,414,829	32,793,116	+7,348,307
Deposits by Public					
Demand dep.	568,918,406	533,784,608	+35,133,798	512,504,847	+56,413,559
Savings dep.	1,532,157,747	1,517,261,281	+14,896,466	1,446,695,027	+85,462,720
Total	2,101,076,153	2,051,045,889	+50,030,264	1,959,199,874	+141,876,279
Foreign dep.	414,367,961	396,281,436	+18,086,525	322,945,063	+91,422,898
Due to Banks Abroad, Etc.					
United Kingdom ...	9,064,476	8,514,066	+550,410	6,636,101	+2,428,375
Foreign	30,484,536	26,823,057	+3,661,479	25,996,878	+4,487,658
Bills payable	1,107,850	1,198,881	—91,031	472,525	+635,325
Letters of credit ...	61,318,860	58,008,873	+3,309,987	53,828,339	+7,490,521
Other liabs.	2,759,331	2,908,991	—149,660	2,268,239	+491,092
Total public liab. ..	2,839,487,809	2,770,107,666	+69,380,143	2,543,161,685	+296,326,124
Due bet. banks	13,075,452	12,013,689	+1,061,763	10,025,761	+3,049,691
Liability to Shareholders					
Dividends	804,442	2,948,654	—2,144,212	807,040	—2,598
Reserve	132,750,000	132,750,000	....	132,750,000	....
Capital	145,500,000	145,500,000	....	145,500,000	....
Gross	3,131,617,703	3,063,320,009	+68,297,694	2,832,244,486	+299,373,217
Credit index	38.5%	39.9%	—1.4%	45.9%	—7.4%

†Other than Canadian.

Bank Chat

Credit From Britain

USE of the German "Aski" mark, referred to in an article elsewhere on this page, is of particular significance at the moment.

It is well known that Germany, of all European nations, is most desperately in need of foreign credits. British banking and financial circles believe Germany will obtain them from London, basing the opinion on such indications as the fact that Mr. Chamberlain refused in Parliament to answer any questions regarding Dr. Hjalmar Schacht's recent conversations with Bank of England officials.

Silence in this case was more eloquent than speech, bankers believe.

Banking observers more and more are leaning to the view that Germany, as the centre of European politics, must provide for a secure future, either by war or through external financial aid. Some observers go so far as to discuss the possibility that the British Government delivered an "ultimatum" to the Bank of England, emphasizing this factor. Support is lent to the theory by the statement of Mr. Baldwin that peace or war depends on Germany, and this, bankers believe, may be construed as a warning to Germany to keep her part of the bargain.

Meanwhile, German fiscal authorities are seeking new credits through the Bank for International Settlements, and Dr. Schacht is reported to have pledged "a more supple attitude toward transfers abroad." Whatever the result will be, particularly in view of recent developments affecting Dr. Schacht's position in Germany, London financiers appear convinced that the door to German credit in London will remain open.

Prairies' Income

The Prairie Provinces' income from primary products last year was $381,675,331. More than $228,000,000 of this was from products other than wheat.

Pays $949,640 In Income Tax

From Our Own Correspondent

MONTREAL.—Montreal Light, Heat and Power Consolidated's 1935 income tax amounted to $949,640. This is one of the largest individual payments received by the federal government, and will be materially increased by higher levies in the new budget.

To date the company has paid $13,577,590 under the Income War Tax Act.

"Aski" Mark Gets Business

Trade With South American Countries Causes Some Concern

Germany's "Aski" mark, quoted in South American countries at a discount of from 25 to 30 per cent, is rapidly increasing German export trade with South American countries.

Concern over the use of the "Aski" mark is evident in Great Britain, and the effect is also felt in the United States, although in lesser degree. Diversion of trade in South America from Britain and the United States to Germany is becoming more pronounced, and it is this trend which gives rise to alarm.

The "Aski" mark was created in 1934, as a result of the presence of large quantities of Central and South American goods held, unsold, in Germany. At that time, the German Government imposed a quota system, and decreed that payment for imports could be made only in compensation marks, which, in turn, could be used only in the purchase of German products.

The 25 to 30 per cent discount of the "Aski" mark in South America enables Guatemala, for example, to purchase German goods at nearly ten per cent below the level of similar Japanese goods. These German exports to Guatemala increased in value from $700,000 in 1933 to $2.2 millions in 1935. German exports to Peru rose from $9.5 millions in 1933 to $18.5 millions in 1935.

Excess Purchasing

According to the Whaley-Eaton Service, Washington, Germany is pushing her compensation trade even to the extent of purchasing in excess of normal requirements.

Coffee, cotton, and other staple goods are readily resaleable, and Germany, therefore, has no trouble in disposing of surplus stocks of these commodities. The effect is to obtain large amounts of foreign exchange, while, at the same time, German exporters enjoy enlarged markets.

Weekly Bank Clearings

	Apr. 30, 1936	Change year ago	Apr. 23, 1936
	$	%	$
Halifax	2,021,759	—16.1	2,223,139
Saint John .	1,726,392	+0.06	1,999,508
Moncton ...	662,285	+0.7	715,505
Sherbrooke .	523,165	—3.6	656,710
Quebec	3,903,522	—14.3	4,053,462
Montreal ...	97,647,648	—7.5	91,962,739
Ottawa	21,328,499	—28.2	24,516,841
Kingston ...	438,637	—18.7	536,524
Peterborough	626,574	—21.3	587,298
Toronto	102,828,513	—36.7	112,626,536
Hamilton ...	4,124,355	—5.1	4,767,218
Kitchener ..	847,943	—26.9	1,160,238
Brantford ..	669,374	—20.8	943,901
London	2,232,302	—22.1	2,791,340
Chatham ...	411,421	—9.0	472,735
Windsor	3,211,872	+26.5	3,075,746
Sarnia	367,614	—15.0	485,359
Sudbury	896,813	+5.9	804,078
Fort William	570,746	—4.9	559,344
Winnipeg ...	56,406,498	—47.0	57,164,625
Brandon	244,805	—20.2	302,729
Regina	3,128,211	—28.4	4,153,605
Moose Jaw ..	471,591	—0.9	527,759
Saskatoon ...	1,256,706	—11.6	1,397,605
Prince Albert	289,501	—12.1	321,727
Edmonton ...	3,253,211	—17.1	3,630,922
Calgary	5,281,119	—23.6	6,164,595
Medicine Hat	204,909	—6.0	273,159
Lethbridge ..	451,110	+2.2	486,297
N. W'minster	621,193	+9.1	602,352
Vancouver ..	17,733,738	+2.2	18,622,459
Victoria	1,527,198	—14.9	1,661,590

B.C. Has Cash From Revenue To Pay Bonds

Hon. John Hart Corrects Reports — Says Sinking Fund Not Used

Hon. John Hart, British Columbia Minister of Finance, telegraphs The Financial Post as follows:

"May 15 maturity will be paid from revenue surplus accrued up to March 31, 1936. No funds appertaining to sinking funds are being used for the said repayment."

Cash to pay the bonds has been deposited with banks.

Reports Wrong

Last week The Financial Post reported the province would use sinking funds in making the redemption of maturing bonds on May 15. This was based entirely on reports of statements by Premier T. D. Pattullo. On April 24 he was reported as stating that B. C. would use Dominion of Canada and other gilt-edged securities in the sinking fund to meet the maturity.

On April 27 The Financial Post telegraphed Hon. John Hart for confirmation of use of sinking funds, but a reply was not filed until May 2. It is reproduced above.

Cash on Hand

Mr. Hart is now reported as stating that the money being used to meet the maturity is cash on hand which would have gone toward restoring several provincial funds to their full values. Such restoration will now be deferred.

Payment of the May 15 obligation removes the immediate debt maturity problem for British Columbia. The province has a large sinking fund on which interest revenue would amount to about $1.5 million annually. Hence accrual of interest will result in substantial cash accumulation before smaller maturities are due. The only large maturity before 1939 is $1,000,000 of 3½ per cent bonds on July 8, 1938.

Revenue for 1935-36 is stated to have reached $25.5 millions, the second highest in British Columbia's history. The peak was $26.1 millions in 1929-30.

Saskatchewan Gets Loan

Saskatchewan's May-June maturities will be met through a loan of $3 millions from the Bank of Canada, the first to be made by the central bank to any Canadian province.

Coincident with the announcement of the loan, Premier W. J. Patterson, of Saskatchewan, has agreed in principle to the participation of Saskatchewan in the national loan council plan, although with the reservation that the province could withdraw from the council after meeting obligations incurred under the plan.

Other Provinces Confer

Premier Pattullo, of British Columbia, and Premier Bracken, of Manitoba, are scheduled to confer this week with Finance Minister Dunning regarding their provincial financing.

Staff Changes

The Royal Bank of Canada announces the following staff changes:

W. N. McCARTNEY, appointed accountant Montreal branch, Que.

V. G. ELLIS, appointed accountant Winnipeg, Portage Avenue, Man.

W. H. NEVILL, accountant, Winnipeg, Portage Avenue, to Glenboro, Man., as manager.

F. H. BRIDGE, appointed manager at Baldur, Man.

A. J. WISHART, appointed manager at Winnipeg, William & Sherbrook, Man.

J. L. McCARTHY, supervisor's department, Port of Spain, to Roseau, Dominica, as manager.

The following retire on pension:

W. J. SWAISLAND, Brandon, Man.
T. W. CUNCANNON, Baldur, Man.
E. E. IRWIN, Glenboro, Man.

Canadian Hydro Electric Annual Meeting Routine

MONTREAL. — Canadian Hydro Electric Corp. annual meeting was a routine affair, the reports being adopted and directors re-elected without change.

Bank of Canada Weekly Statement

Note circulation of the Bank of Canada was lower at $90.9 millions at April 29, compared with $92.6 at April 22, and Dominion deposits were also reduced. Deposits from other banks rose sharply, however, and at $187.4 more than offset the decline in Dominion deposits. Gold reserves did not reflect gold movement from Canada to the U.S. during the week, and at $179.9 millions compared with $180.3 a week earlier. Announcement was made in New York on April 25, of the receipt of $2,153,000 in gold from Canada.

Total reserves of Bank of Canada declined from $195.1 millions to $193 millions.

Balance Sheet

	Apr. 29	Apr. 22
Liabilities	$	$
Capital paid-up	5,000,000	5,000,000
Notes in circ.	90,924,489	92,642,393
Rest fund	173,092	173,092
Dep.: Dominion ...	21,670,692	23,589,867
Banks	187,415,370	184,921,882
Other	354,543	663,497
Total deposits	209,440,605	209,175,246
All other liabs. ...	1,178,385	1,672,269
Total liabs.	306,716,571	308,663,000
Assets		
Reserve: Gold	179,935,609	180,349,169
Silver bullion ...	1,636,496	1,662,827
Res. in stering ...	1,684,511	1,963,429
Res. in U. S.	9,836,025	11,132,710
Res. elsewhere ..	5,602	5,857
Total reserve	193,098,244	195,113,992
Subsidiary coin	295,034	317,779
Investments:		
Dom. govt. short.	28,541,893	27,923,044
Other Dom. govt.	82,371,532	82,902,331
Total invest.	110,913,425	110,825,375
Premises	121,054	121,054
All other assets	2,288,814	2,284,804
Total assets	306,716,571	308,663,000
Reserve ratio	64.28%	64.64%

Monthly Bank Clearings

	April, 1935	April, 1936
	$	$
Saint John	6,758,665	7,467,160
Moncton	2,633,400	2,834,409
Sherbrooke	2,281,890	2,624,512
Quebec	15,878,522	18,131,359
Montreal	339,125,072	401,064,108
Ottawa	84,262,004	84,044,775
Kingston	2,106,053	2,189,441
Peterborough	2,610,508	2,620,851
Toronto	412,700,462	473,386,496
Hamilton	15,678,779	19,410,699
Kitchener	3,918,816	4,269,766
Brantford	3,258,827	3,414,237
London	10,158,250	10,881,905
Chatham	1,917,086	1,963,149
Windsor	9,697,265	12,278,963
Sarnia	1,806,094	1,892,831
Sudbury	3,183,349	3,438,851
Fort William	2,455,158	2,410,222
Winnipeg	187,506,212	216,881,916
Brandon	1,148,249	1,166,667
Regina	12,174,892	13,687,409
Moose Jaw	1,888,416	2,177,011
Saskatoon	5,319,199	5,546,106
Prince Albert	1,318,344	1,298,485
Edmonton	17,321,539	17,594,709
Calgary	21,961,879	23,591,524
Medicine Hat	903,113	1,112,309
N. Westminster ...	2,250,116	2,651,922
Vancouver	61,960,595	76,588,719
Victoria	6,652,211	7,100,416

Montreal Stock Trading Shows Increase in April

From Our Own Correspondent

MONTREAL—Transactions on the Montreal Stock Exchange and Montreal Curb Market totalled 2.7 million shares in April, a decrease of 156,965 shares on the previous month but an increase of 661,637 shares over the same month a year ago.

Turnover in mining stocks was 2,076,173 shares, compared with 2,043,352 shares in April, 1935.

Associated Breweries Elects MacMillan to Board

From Our Own Correspondent

MONTREAL. — Directors were re-elected with one exception and the financial statement approved at the annual meeting of Associated Breweries of Canada. A. J. MacMillan, of Calgary, replaced L. M. Johnston, of Lethbridge, on the board. Mr. Johnston has retired and gone to England.

THE SMOKE OF THE BRITISH EMPIRE

The Tower Bridge
W.D.&H.O. WILLS
GOLD FLAKE
HONEY DEW

W.D. & H.O. WILLS'
GOLD FLAKE
Cigarettes
CORK TIP OR PLAIN
A SHILLING IN LONDON · A QUARTER HERE
POCKET TIN OF FIFTY · 55 CENTS

1832 1936

In London...

CLIENTS contemplating banking transactions in the United Kingdom are invited to avail themselves of the facilities afforded by our London, England, Branch, 108 Old Broad Street, E.C.2.

•

World-wide facilities in every department of banking

•

The BANK of NOVA SCOTIA

OVER A CENTURY OF BANKING SERVICE

Coast to Coast in Canada

•

NEWFOUNDLAND,
JAMAICA,
CUBA,
PUERTO RICO,
DOMINICAN REPUBLIC

•

NEW YORK,
CHICAGO,
BOSTON,
LONDON, ENGLAND

WATCH STUDEBAKER!

FLASHING TO THE FRONT BECAUSE IT'S FIRST IN STYLE..SAFETY..COMFORT ..ECONOMY..VALUE!

Officially proved Gas Economy Champion

STUDEBAKER prices are now almost as low as those of the lowest priced small car! And this big, impressive, beautifully styled 1936 Studebaker definitely surpasses any other car you have seen in all around desirability! Thoroughly new from top to wheels! Only car with the Automatic Hill Holder! Automatic gas-saving overdrive! Largest one-piece steel top! Strongest all steel body! 58⅝ inches of elbow room! Official gas economy record of 29.12 miles per Imperial gallon! See it—drive it—now! It's the year's best buy!

Delivered in Walkerville completely equipped

$1080

(3-PASSENGER COUPE)

Freight Only to be Added

Studebaker's new 7% C. A. C. Plan offers a new "low" in time payments

The Studebaker Corp. of Canada Limited
Walkerville, Ont.

Lloyd's Group Subject to Law As Individuals

Recent Quebec Decision Believed Due to Technicality

NO LEGAL STATUS

Non-Marine Underwriters, members of Lloyd's, have no legal status before the courts of Quebec, it was revealed in a recent case involving an application by the Underwriters to annul an award, by arbitration, of a fire loss.

The decision of the court, refusing the application for annulment, has caused wide comment in Canadian insurance circles, in view of the recognized standing and financial responsibility of the famous English organization of Lloyd's.

In some quarters the court decision is construed by insurance experts as based on a technicality, and responsible insurance officials express the view that it in no way affects the rights of the public to sue individual underwriters or members of syndicates at Lloyd's.

The Quebec case arose out of the application of Non-Marine Underwriters to annul an award, in which the petition was jointly with Prudential Insurance Co. of London, England, the Rhode Island Insurance Co., and the Missisquoi and Rouville Mutual Fire Insurance Co. Three policies totalling $35,000 covering property owned by one, Camile Courey, were shown to have been issued by Lloyd's of London.

Not Legal Entity

In filing an exception to the application for cancellation of the arbitrator's award, Courey asked that the court declare the petition of Non-Marine Underwriters illegal and, as non-existent in the eyes of the law, that it be considered null.

Mr. Justice Forest, presiding in Superior Court at Montreal, observed that in three of the policies there was no appearance of the name of Non-Marine Underwriters, but that they had been issued personally by Lloyd's at London. He gave his decision that a permit by the superintendent of insurance for Quebec, by which the Non-Marine Underwriters were authorized to carry on insurance business in Quebec, did not give the group a corporate existence.

Non-Marine Underwriters' counsel admitted that the group was neither a corporation nor a business partnership, but it was contended that the superintendent's permit gave the group that character in terms of law or by implication.

The court, on the other hand, took the view that the permit granted the group to carry on an insurance business did not make it a party to insurance contracts, nor establish a lien de droit between it and Courey. In other words, the group had no judicial existence and its application was ordered withdrawn.

All Lloyd's policies are written by individuals or syndicates, with the names of the actual underwriters stamped on the policies and in this instance, insurance men state, it would appear that the action at law was not taken in the names of individuals but in the name of a group which did not exist in law as a corporate entity.

Insurance department officials, although refusing to commit themselves regarding details of the case, believe that technicalities or otherwise, the court decision does not affect the right of individual Lloyd's underwriters to sue or be sued through the usual processes in Ontario and Quebec, and certainly does not imply that while Lloyd's underwriters can assume insurance risks they are immune from the normal processes of law in disputes of settlements.

Mathematical Millennium

British Manager of Manufacturers Life Would Calculate Entire Insurance Valuation in About Fifteen Minutes

If reports in British and foreign insurance papers are to be taken at face value, a mild sensation in insurance and actuarial circles has followed the publication of a paper submitted recently to the Institute of Actuaries in Great Britain by E. William Phillips, general manager for Great Britain of the Manufacturers Life Insurance Company.

Mr. Phillips' aim, as stated simply in the introduction to his paper, is, "to persuade the whole civilized world to abandon decimal numerations and to use octonal numerations in its place; to discontinue counting in tens and count in eights instead."

Aid to Business and Science

Being a business man as well as a mathematician and a mechanical genius, Mr. Phillips admits at once that it seems unlikely that the whole civilized world will be persuaded to complete this change during the next 12 months, "having previously declined a similar invitation."

He urges therefore that a more immediate aim is the adoption of octonal numeration for scientific and business purposes for the great mass of figures recorded and manipulated for the benefit only of the scientific and business man. He suggests that the few final results required for presentation to the layman be then transformed into the decimal scale of notations by means of conversion tables or otherwise.

Lightning Rapidity

As far as results are concerned, the speed with which mathematical calculations can be made by the Phillips' system is nothing short of breath-taking.

Thus Mr. Phillips submits to the Institute of Actuaries that if his equipment is provided with all the necessary materials on the morning of January 1, the whole of an insurance valuation would be completed within 15 minutes or so.

"Indeed," he says, "when the actuary arrives, there will still be time to complete the valuation over again on eight or nine other bases before he goes out to lunch and yet have ready the figures necessary for the annual general meeting in the afternoon."

Three Achievements

To achieve this mathematical millenium, Mr. Phillips has delved into three specific realms of knowledge. In the first place, he claims to have discovered for the first time that in the realm of arithmetic the scale of eight (properly called octonal notations) can be converted into the scale of two (binary notation) on sight.

"Any clerk," says Mr. Phillips, "Can master the conversion in two minutes, for he has only to commit a very small simple table to memory."

Having made this discovery, Mr. Phillips visualizes the work of calculation for scientific and business purposes to have been tremendously simplified because of the extreme simplicity of calculation by the scale of two which needs but two symbols for expression—namely, one and zero—as compared with ten symbols in the decimal system, which we now use.

Invents New Machine

Carrying his plan one step farther, Mr. Phillips has then devised a mechanical instrument which would not only achieve extraordinary speed for calculations in this new scale of notations, but which would also operate without requiring human attention when once set in operation.

Such a machine is described in detail in his paper and, it is claimed, "would total over a thousand amounts per minute"—besides doing the most complicated arithmetical calculations with equal rapidity.

Adds Light-Ray

But Mr. Phillips does not stop there. He claims that by substituting in this mechanical machine a selenium photo-electric cell (commonly called the electric eye or light-ray machine) that "on a conservative estimate such a machine might deal with five to ten products every second or between 15,000 to 40,000 products per hour, providing a printed, punched or photographed record in the binary scale of notation of every product and, if required, every cumulative total.

Historical Argument

Among other arguments in support of his invention, Mr. Phillips submits that there is plenty of historical precedent for using other than decimal system of calculation. (Even at the present time, of course, the British people use this very system in their weights and measures and financial transactions as, for example, the counting of pence by the dozen, shillings by the score, pounds (avoirdupois) in groups of fourteen, and, indeed, in favor of the scale of eight notations it is noted that already there are eight drams in a fluid ounce, eight gills in a quart, eight pints in a gallon, eight gallons in a bushel, eight stone in a hundredweight and eight furlongs in a mile.)

Mr. Phillips also points out that the binary scale of notation is merely a reversion to the Ahmes' method of multiplication believed to have existed since 3,000 B.C.—thus going back through 5,000 years of human history.

The octonary numerations he believes to have been used 1,500 years ago by our Anglo-Saxon forefathers. In addition he would incorporate the symbol for zero and "the consequent convenience of positional value" developed by the Maya about 2,000 years ago and to bring these all together by what he describes as "a more recent and far less wonderful invention, the selenium photo-electric cell."

The scale of eight, says Mr. Phillips, will facilitate the keeping of records, the use of zero symbols makes for convenience, and the light ray machine for rapidity, but "the process in which they are suggested as aids is essentially that of 5,000 years ago."

Phillips System Easy . . . Perhaps for Some

What is octonal numeration and the binal scale of notation about which Mr. Phillips talks so glibly?

It's easy, once you understand and get your mind out of the deep rut of thinking in terms of units of tens.

And getting acclimatized to thinking in a scale of eight—a scale where the only numerals are 0, 1, 2, 3, 4, 5, 6, 7 and 8, and where after reaching 8 you start into a new column of digits at the left of the first—is the first step.

Thus the two numbers—89 and 38 when expressed in terms of the scale of eight become 131 and 46 respectively. Is that right? Better check to make sure.

And when you are sure of that—try putting these same numbers into scale of notation 2. Mr. Phillips says the transformation can be done on sight and is 1,011,001 and 100,110 respectively. What about it?

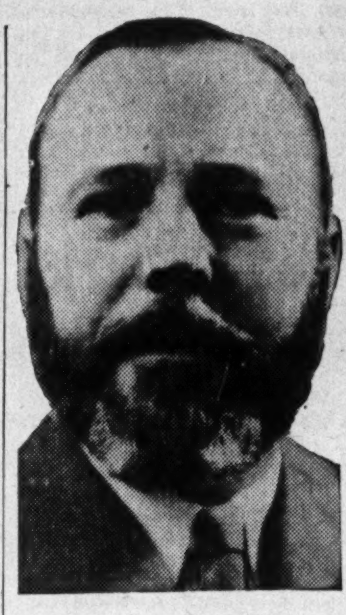
Assuming you agree with Mr. Phillips you can then pass to his next argument which is:

"These last two numbers can be multiplied together by anyone who knows that one times one is one and can count, and could therefore be dealt with by a child before he had learnt his multiplication tables. The multiplication can also be effected by a machine, virtually with the speed of light—in fact by using a light ray."

Key to Use

Obviously, while this system of notation is easy to use and to calculate with, it is impracticable in everyday use because of the exasperation and danger of error which would result from having page after page filled with nothing but zeros and ones.

This difficulty Mr. Phillips feels he has now removed by making use of the simple fact that eight equals two times two times two, and that figures tabulated in the system of counting by eight instead of by ten can be converted on sight into the "zero and one" form by remembering only that the first seven digits (which are all there would be in a scale of eight) are represented in that form.



HAS NEW SYSTEM

E. WILLIAM PHILLIPS

Born in London, Eng., 44 years ago, Mr. Phillips has done many unusual things in his lifetime to belie his birth date—April 1.

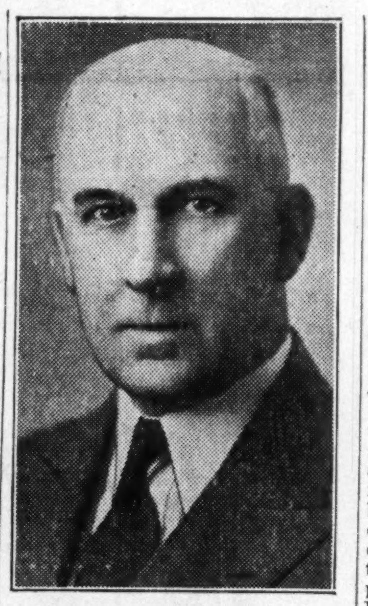
In 1908 he joined the investment department of Prudential of England and in 1918 after four years of war service became assistant actuary for Wesleyan and General. In 1925 he joined Manufacturers Life as general manager for that company in Great Britain.

He is a barrister whose hobbies are journalism, badminton and chess. During the war he founded the first City of London volunteer corps and commanded it for 10 months. Then he joined the regular forces in the artillery, rose to rank of acting major, was twice mentioned in dispatches and awarded the O.B.E. (military division). He is also a Fellow of the Institute of Actuaries and an F.S.S.

Liner's Policy World's Record

The giant British liner, Queen Mary, insured for $24 millions, has set a world record so far as insurance is concerned.

In announcing the total, Lloyd's circulated a small slip of paper, inviting underwriters to participate in the undertaking. It is one of the largest risks Lloyd's has ever accepted, and carries an annual premium said to be $300,000. A major portion of the risk will be written by Lloyd's and marine insurance companies. The British government will cover the remainder.



NEW DIRECTOR

C. T. McHATTIE

Of Vancouver, who has been elected a director of the Continental Life Insurance Co.

Geneva Rewards Canadian Air Transport Research

The University of Geneva last week conferred the degree of Doctor of Political Science on Laurence C. Tombs, formerly of Montreal, for research in connection with the international organization of air transport in Europe.

Dr. Tombs, who has been since 1930 a member of the Communications and Transit Section of the League of Nations Secretariat, is a graduate from McGill University. Prior to joining the League Secretariat he was assistant secretary of Guy Tombs Ltd., Montreal.

His book, entitled "International Organization in European Air Transport," has just been published.

Dr. Tombs is the son of Guy Tombs, Canadian Transportation authority, Montreal.

New Books

The Inside of the Cup

John Gunther Presents Realistic Picture of Men and Events on Mad Continent

INSIDE EUROPE. By John Gunther. Published by Musson Book Co., Toronto. Price $4.

Most exciting contemporary picture of the mad lands of Europe is John Gunther's brilliant "Inside Europe." Some of the chapters have previously appeared in Harper's and other publications and they have whetted many appetites for the complete volume which has now appeared to the enthusiastic acclaim of the critics. It has already induced something of a rush to the bookstalls. And rightly so, for in it events in Europe are made clear, current leaders are unmasked and the background of Europe's contemporary scene is painted in with lavish and realistic detail.

As European correspondent for a Chicago newspaper, John Gunther has been for 10 years a critical but dispassionate observer of the turmoil that is the Continent. He has jotted down impressions, made mental notes of inside stories, met and psycho-analyzed the front men and the wire-pullers, and loaded his head to the bursting point with facts and understanding. Now he lets loose the whole bag-full of tricks. The result is 175,000 words of incidents, personalities and interpretations, enough to make the average reader feel as though he himself had flashed from capital to capital to sit behind a screen at every secret conclave of statesmen and conspirators since the comparatively calm days of 1926.

'Round About Europe

Where to start from in reviewing such a volume is a decision difficult to make. It is like reviewing an encyclopedia written on telegraph blanks. Mr. Gunther has solved his problem of where to begin and where to end by making Hitler the centre of the picture. His intuitive, candid but evidently honest picture of der Fuehrer starts the reader off on a tour of Europe that goes around and around in an ever widening spiral until one has met Mussolini, Stalin, Baldwin, Eden, Laval, Herriot, Benes, King Zog and even Madame Lupescu, each in his or her own individual setting. Not the least interesting chapters outline the forces at work in France, where the struggle between Democracy, Communism and Fascism is keen and bitter as Sunday's elections showed.

The chapters on Great Britain are delightful. In them Mr. Gunther pays his tribute to the England of Mr. Baldwin—which is to say, to the real England—while jibing a bit at the England of Ramsay MacDonald, of Winston Churchill and the radicals. England is to him a puzzling nation, a free democracy managed by a strong oligarchy—the "ruling classes." The sketch of Baldwin is shrewd and illuminating, a portrait of a man whose dullness of wit is positively brilliant, whose very mistakes endear him to all true Englishmen, a solid sober, ponderous genius. But when Gunther turns to Ramsay MacDonald, he strips him bare of his pretentions, his foibles, his vanity and shows him as a man of profound ridiculousness. Cruelly, Mr. Gunther quotes verbatim some examples of MacDonald's rambling, incoherent, utterly meaningless addresses, of the kind that led Churchill to say of him that he possessed the "gift of compressing the maximum of words into the minimum of thought." Other British statesmen come under Mr. Gunther's microscope.

"Inside Europe" is a magnificent piece of reporting, and overlooks no situation in Europe that calls for analysis.

MODERN GOVERNMENT. By Ernest J. P. Benn. Published by Thos. Nelson & Sons, Toronto. Price $1.75.

Sir Ernest Benn is an unrepentant individualist. He believes that the best government is that of which there is the least. The more government there is, the less Democracy there is, and the more bureaucracy. This, he has always believed, and argued in books, pamphlets and articles, and so he argues today, summing up his case against the stupidities of the bureaucrats and dictators in "Modern Government," a title to which he adds ". . . as a Busybody in Other Men's Matters."

To the current doctrine that the state owes everyone a living, the famous British publisher makes no obeisance. Rather he seeks to prove that "a state which was able to supply every citizen, as a matter of right, with all his material needs, would be a slave state offering no hope to personal character or individual quality." Sir Ernest realizes that it is always the mob that rules in government but he bases his belief in Democracy on the fact that the fine qualities of the mob outnumber its weaknesses. Yet unfortunately the qualities that win the mob and put one in office are not the qualities that make for good administration. Every man in public life seeks to enhance his own prestige by expanding the responsibilities of his job and in doing so he robs the individual of some share of his liberties.

Sir Ernest does not write as a scholar nor is his volume in any sense an academic analysis of the democratic process. He writes as a business man, in simple language and without dialectics. He has less a philosophy than a conviction to express. That conviction may rest upon faith in individualism but in this volume it is expressed in contempt for government and all its ways. It is an extremely partisan statement of a case that is, however, worth constant reiteration.

C. N. R. Plan to Abandon Nicolet Line Is Approved

From Our Own Correspondent

MONTREAL—The Board of Railway Commissioners have approved application of the Canadian National Railways for leave to abandon operation of a portion of its Nicolet subdivision in Quebec. The line in question is 15 miles long and runs between St. Leonard Junction and Nicolet.

Premium Loss Escapes Taxes

New Income Ruling Based on Bad Debts Owing Agents

Losses sustained in the regular course of insurance business through extension of credit to policyholders, will be allowed as exemptions in income tax returns filed by insurance agents with the Dominion government.

Previously, the policy of the Dominion income tax department was to allow only exemption of commissions as a bad debt but representations were made by insurance organizations urging that the total amount of the bad debt incurred be allowed as exemptions to agents.

The Dominion income tax department takes the view that it is an established custom for insurance companies to require full settlement of all premiums on policies issued by them, from their agents, and that it is a universal practice for agents to make settlement in full notwithstanding that they may not have received all premiums due from policyholders.

Having determined also that losses are thus sustained by agents through extending credit to policyholders, these losses will now rank as bad debts for income tax purposes.

Senate Discards Life Amendment

Gives Short Shift to Plan for Limiting Shareholder Profits

From Our Own Correspondent

OTTAWA. — With extraordinary unanimity the Senate banking and commerce committee discarded last week without even a formal poll, the proposed amendment to the British and Canadian Insurance Act which would have forced all Canadian and British companies to limit shareholder profits on participating business to not more than 5 per cent of total amount of distribution.

Although the amendment would have affected only a dozen companies doing business in Canada, the chief executive of nearly every Canadian company was on hand when the amendment came before the Senate group. Headed by Hon. N. W. Rowell, they presented what proved to be a water-tight brief which found scarcely a dissenting voice among the Senate committee.

Little to be Gained

Chief point in the argument was that the amendment would be of but small advantage to policyholders and would be a bitter blow to shareholders of many small life companies which even under the existing law had made but a meagre return over a considerable number of years.

The average benefit to policyholders, it was contended, would amount to but 18 cents per year for each $1,000 of insurance on the basis of existing dividend scales.

The companies also contended that of the 21 companies affected which operate under the British and Canadian Insurance Act, about 50 per cent were now taking for their shareholders less than the 10 per cent now allowed by law and that actually more than three-quarters of the business in force was with companies which were taking 5 per cent or less of participating profits for their shareholders. This had already been done voluntarily it was contended.

Employers Liab. Has Good Year

Gains in volume of premium income and in total assets are reported in 1935 returns of Employers Liability Assurance Corp. Total premium income topped the $34 millions mark, while assets now amount to $51.9 millions. Aggregate funds of this and associated companies comprise $90 millions.

In Canada the company reported net premiums written of $1.7 millions with an average loss ratio on all types of business of less than 40 per cent and expenses below the average for all Canadian companies.

Distribution of the company's business in Canada during 1935 follows:

Classes:	$
Fire	530,328
Accident:	
Personal	200,135
Emp. Liab. & Wk. Cp.	78,797
Other	143,300
Automobile	393,056
Burglary	69,594
Guarantee (Fidelity)	116,679
Guarantee (Surety)	34,564
Plate glass	15,220
Sickness	89,070
Steam boiler	41,881
Tornado	654
Property damage	2,902
Total	1,716,181

Sir Courtauld Thomson, chairman of the board, stated at the annual meeting in London recently that progress had again been made by the Canadian branch in 1935, despite the intense competition prevalent in the Dominion. He pointed out that the cost of business in Canada remains a serious problem but felt that this would gradually be overcome through the united efforts.

Confederation Life Leaves Mexico

Formal notice has been received from Confederation Life Association that effective April 15 that company has finally discontinued issuance of new business in Mexico.

The move is the result of negotiations that have taken place since September when the new insurance act was promulgated by that country.

The association is to continue servicing its old policyholders in Mexico through a branch office in Mexico city.

The only other Canadian life company operating in Mexico (Sun Life of Canada) withdrew from active underwriting early in 1935. British America Assurance Co., which formerly wrote fire insurance in the country, has suspended operations for the time being.

Actuarial Society Meets In Third Week of May

The annual meeting of the Actuarial Society of America will be held in New York May 21 and 22.

J. G. Parker, actuary, Imperial Life, is retiring president of the Society, while two other Canadians, J. D. Buchanan, actuary, London Life, and H. H. Wolfenden, consulting actuary of Toronto, are retiring members of the council.

ESTABLISHED IN 1850 ÆTNA SYMBOL OF SECURITY

The Ætna Life Insurance Company, writing Life, Group, and Accident insurance, has been a Canadian institution since 1850 . . .

CALGARY · MONTREAL · TORONTO · VANCOUVER · WINNIPEG

A MUTUAL COMPANY
NORTH AMERICAN LIFE
Solid as the Continent
HEAD OFFICE — Toronto, Canada
ALL PROFITS FOR POLICYHOLDERS

THE MANUFACTURERS LIFE INSURANCE COMPANY
HEAD OFFICE TORONTO, CANADA
Established 1887

Meets the Upkeep

YEAR by year an increasing number of homes are sustained through monthly cheques paid under Income Insurance.

Is YOUR Life Insurance arranged TO PROVIDE INCOME when you retire or in the event of your death?

FIDELITY
Insurance Company
of Canada
TORONTO

PROTECTION

WHEN insuring against fire, enjoy the protection of a purely Canadian company, with assets exceeding $2,000,000.00 and an unsurpassed record for over 64 years of prompt, fair settlements of losses. Consult your agent.

ECONOMICAL MUTUAL FIRE INSURANCE COMPANY
HEAD OFFICE KITCHENER ONT.

OVER HALF A CENTURY OF "SERVICE WITH SECURITY"

PORTAGE POLICIES
give full protection with absolute security and prompt settlement of claims

Est. 1884
The PORTAGE LA PRAIRIE Mutual Insurance Company
Portage la Prairie, Man.
TORONTO WINNIPEG REGINA CALGARY
WRITING FIRE AND WINDSTORM

FIRE
AUTOMOBILE
Assets Over $8,465,000

MARINE
CASUALTY
Losses Paid Since Organization of Company in 1851 over $121,410,000

FAIRNESS AND QUICK ACTION IN THE SETTLEMENT OF CLAIMS

WESTERN ASSURANCE COMPANY
HEAD OFFICE - TORONTO

OVER $1,000,000 DIVIDENDS PAID TO POLICYHOLDERS IN 1935...

Fire Insurance that Pays Dividends

BRANCHES:
Toronto
Hamilton
Ottawa
Vancouver
Kelowna
Victoria
Edmonton
Calgary
Saskatoon
Winnipeg
Montreal
Quebec City
St. John
Halifax

Save up to 30 per cent. on your Fire Insurance by participating in these annual dividends. Full information will be gladly supplied by our nearest branch office.

NORTHWESTERN MUTUAL FIRE ASSOCIATION
Non-Assessable Policies Assets $6,000,000

"Canada's Largest Fire Mutual"
The WAWANESA MUTUAL INSURANCE CO.
Ranks 3rd against all companies on total volume of fire business written in Canada
FIRE LIABILITY WINDSTORM DOCTORS' AND DENTISTS' LIABILITY SPRINKLER LEAKAGE AUTOMOBILE PLATE GLASS
Head Office—WAWANESA, Man.
Eastern Office—341 CHURCH ST., TORONTO, Ont.
Branches also at Vancouver, B.C.; Edmonton, Alta.; Regina, Sask.; Winnipeg, Man.; Montreal, P.Q., and Saint John, N.B.

GUARANTEED BY EAGLE, STAR AND BRITISH DOMINIONS INSURANCE CO. LIMITED, OF LONDON, ENGLAND

FIRE

BRITISH CROWN ASSURANCE CORPORATION LIMITED
GLASGOW SCOTLAND

J. H. RIDDEL
Manager
V. G. CREBER
Asst. Manager

HEAD OFFICE FOR CANADA: 217 BAY ST., TORONTO
AGENTS
LYON & HARVEY, General Agents, 15 King St. W., Toronto
Applications for Agencies in unrepresented districts invited

Week in Wheat

Market Strengthens As Exports Increase

Firmer Tone Since Weak May Opening — Heavy Clearances — Seeding Makes Rapid Progress

From Our Own Correspondent

WINNIPEG.—Although May, from which much had been expected, started badly with marked price recessions, a better tone began to develop this week. Previously bearish sentiment developed in Chicago and was reflected in Liverpool when the drought in the southwestern United States was broken by substantial rains. Later again it was realized that a great deal of irreparable damage had already been done. Rains were necessary to maintain crop prospects without further deterioration, and do not necessarily mean any substantial improvement. May 1 estimates of United States conditions averaged 485 million bushels, or lower than had been recently expected.

Last week's shipments of 6.6 million bushels of Canadian wheat, including duty paid entries to the United States, were encouraging in volume, and confirmed earlier reports of large bookings for this month. Opening of navigation on the Great Lakes brought some increase in market activity.

Seeding has made remarkable progress throughout the West during the past week. Although the start was somewhat late the crop is expected to go in quickly now. Total acreage somewhat smaller than last year's is expected. This is due to shortage of seed, and to some extent to abandonment of wheat on poorer land.

Broader Visible

BY COINCIDENCE the Canadian Government method of publishing statistics of stocks of wheat was amended just at the time when the Parliamentary special committee on the Wheat Board was struggling with the question of the meaning of visible supply. Government weekly figures now cover several millions of bushels more of wheat by inclusion of stocks in transit by rail. They are intended to be a complete account of the total quantity of Canadian wheat except for quantities remaining to be delivered by farmers and quantities on hand in mill elevators. They still do not account for all the wheat that may be hedged in the Winnipeg market, in transit by sea, stocks on hand in overseas countries, duty paid stocks in the United States, as well as stocks of flour made from Canadian wheat.

* * *

Psychological Objections

ALTHOUGH the change was made as a result of a recent statistical conference in Ottawa, there cannot be said to be any great enthusiasm for it in grain circles. It has been made just at the moment when attention was focused on the possibility of reducing the Canadian carryover by a considerable quantity from that of last year, and by using a broader base for this year's figures, tends to obscure the progress that has been made in relation to last year. In addition it is suggested that when existence of surplus stocks of wheat is a depressing influence on world markets, continuous publication of the largest possible figures in relation to the Canadian supply represents unsound market psychology. Informed traders are aware of the basis of different published figures, and are not misled by figures that are incomplete, but it is suggested that uninformed observers are likely to take too pessimistic a view of the market when unnecessarily large figures are drawn to their attention.

* * *

May Deliveries

THE opening of the May delivery month saw about one million bushels of wheat delivered on the May contract. This was no doubt wheat of the previous crop, which had been bought by the elevator companies and hedged in the futures during the period of stabilization operations. No great quantity of the current crop has been hedged in the futures, as the great bulk of it has been bought directly from farmers by the Canadian Wheat Board.

* * *

Decries Whitewashing

AN UNDERTAKING, on the part of the Grain Exchange, to assist the work of the proposed royal commission on grain marketing, was given last week by W. J. Dowler, vice-president of the exchange.

"The problem of grain outlet and the study by a royal commission of increasing export markets, aptly summarized by the chairman of the Canadian Wheat Board, is undoubtedly one that should be faced and solved without delay," he said, "and the membership of the Winnipeg Grain Exchange will gladly cooperate."

Paul F. Bredt, president of Manitoba Pool Elevators, was more critical. "If this is to be a commission of entirely impartial, independent individuals, who will examine the problem in the national interest, then a great deal of good could be accomplished," he said. "If, however, it is to be another hurried whitewashing episode, we will get exactly nowhere. The investigations of such a commission should not be restricted to importing countries only, but should take in the other wheat exporting countries, for it is obvious that the problem cannot be solved by Canada alone."

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 197

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st May, 1936, and that the same will be payable at the Bank and its Branches on and after Monday, 1st June next, to shareholders of record at the close of business on the 30th April, 1936. The Transfer Books will not be closed.

By Order of the Board.
S. H. LOGAN,
General Manager.
Toronto, 17th April, 1936.

Belding-Corticelli Limited

Notice of Preferred Stock Dividend No. 86

A dividend of one and three-quarters per cent (1¾%) has been declared on the Preferred Stock of this Company, for the quarter ending 30th May, 1936.

Notice of Common Stock Dividend No. 41

A dividend of one per cent (1%) has been declared on the Common Stock of this Company, for the quarter ending 30th May, 1936.

The above dividends are payable on the 2nd day of July, 1936, to Shareholders of record at the close of business the 15th day of June, 1936.

By Order of the Board.
D. F. POLLOCK,
Secretary.

Borden's

COMMON DIVIDEND
No. 105

A quarterly dividend of forty cents (40¢) per share has been declared on the outstanding common stock of this Company, payable June 1, 1936, to stockholders of record at the close of business May 15, 1936. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

DIVIDEND NOTICES

McKenzie Red Lake Gold Mines Limited

(No Personal Liability)

DIVIDEND NO. 1

NOTICE is hereby given that a dividend of three cents per share has been declared, payable on the 15th day of June, 1936, to shareholders of record at the close of business on the first day of June, 1936.

By Order of the Board.
H. M. ANDERSON,
Secretary-Treasurer.
Toronto, April 30th, 1936.

Wearwell
TRADE MARK

THE CLINTON KNITTING COMPANY

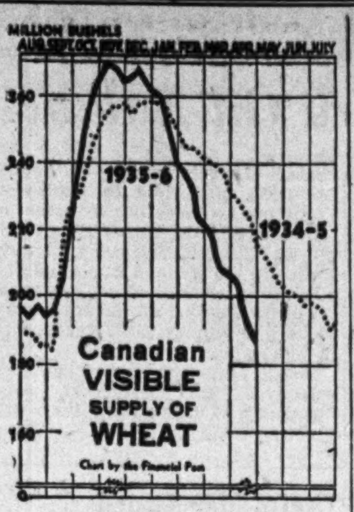
In the pretty little town of Clinton, Ontario, twelve miles from the shores of Lake Huron, is the hosiery factory of this company. Colonel H. B. Combe reorganized the company in 1905 and in association with Mr. Angus A. Morrison, Vice-President, has developed a modern and efficient factory producing Wearwell and Clin-Knit quality hosiery.

The merchandising policies are as modern as the equipment of the factory, consistent advertising having a definite place in the sales programme.

This company advertises exclusively in — —

Maclean's
Canada's National Magazine

◆



ANOTHER DROP

Last week witnessed another 6 million bushels lopped off Canada's wheat supply in marketable positions. With navigation open and the season of country deliveries almost over, liquidation of Canadian visible has been at a more rapid rate in recent weeks.

Current figures now include wheat in transit by rail, as a result of recent changes made in compilation of statistics. This makes present showing even more favorable in comparison with 1935 when such figures were not included. See also paragraph on visible in main wheat column.

Thirteen weeks of the current crop year yet remain. It is generally believed that the Wheat Board hopes to reduce the carryover at the beginning of the new crop year Aug. 1 to not more than 125 million bushels. With deliveries maintained at the recent pace something much better than that is indicated. Export clearances of nearly 4.5 million bushels last week were the best in some time.

Details are as follows:

Week of May 1	Week previous	Last year
Canadian Visible		
185,172,000	191,224,000	214,254,000
Export Clearances‡		
4,494,664	3,358,754	2,293,298

‡Plus U. S. imports.

Sees No Let-Up With Acreage

Liverpool Corn Ass'n Sees Govt. Action Bolstering Increases

The new selling policy of the Canadian wheat board appears to meet the approval of the Liverpool Corn Trade Association, though that body remains sceptical of most government marketing schemes. After briefly reviewing legislation along this line in the three great wheat exporting countries of the world, Canada, Argentina and Australia, the recent annual report of the association, however, concludes: "that no action has been taken by their respective governments that is likely to induce farmers to lower production."

Turning to the Canadian situation the report comments on the appointment last summer as new wheat board chairman of John I. McFarland by the late Bennett government.

Not McFarland's Fault

"If the task given to Mr. McFarland by the pools or the government during the period 1930 to 1935 was beyond his capacity, it was also beyond the capacity of any other man, and if he was at fault, the blame lies not with him, but with those politicians and marketing theorists whose views were pressed upon him, but who constantly disregarded the inexorable logic of events.

"Since the new board came into office," continues the report, "their policy has leant toward that of 'free selling' as opposed to the pool's policy of 'holding.' The old board claimed that they were 'free sellers' when there had been a demand for Canadian wheat, but, as the Food Research Institute of Stanford University drily remarked in their January Wheat Study,—'We take it that there was always a demand for Canadian wheat, at some price.'"

Foreign Trade

Weekly foreign trade news summarized by Commerce Reports, Washington, follows:

Argentine—A slight recession of business activity and continuance of the downward trend in exports featured the market in April.

Uruguay—Pastoral and agricultural prospects have improved as a result of heavy rains.

Brazil—A slight recession occurred in some retail lines during April, but business levels in general remained satisfactory, with manufacturing and construction active.

Chile—Trade is feeling the beneficial effect of the excellent agricultural harvests, though the outlook for the future is tinged with conservatism.

Ecuador—The market is feeling the clogging effect of unusually heavy importations in the first three months of the year.

Colombia — The Easter holiday trade was disappointing, and general business is dull, with mercantile stocks at low levels.

Mexico — The wholesale movement is holding up remarkably well, and industrial activity in general has not been reduced by approach of the rainy season.

Haiti—Declining coffee exports presage a seasonal slack.

DIVIDEND NOTICES

McCOLL-FRONTENAC OIL COMPANY LIMITED

Common Stock Dividend No. 27

NOTICE IS HEREBY GIVEN that a dividend of 20 cents per share, being at the rate of 80 cents per share per annum, has been declared on the no par value Common Stock of McColl - Frontenac Oil Company, Limited, for the Quarter ending May 15th, 1936, payable June 15th, 1936, to shareholders of record at the close of business on May 15th, 1936.

By Order of the Board,
FRED HUNT,
Secretary.
April 29th, 1936.

British Wheat Policy Has Vital Interest Here

Additional U. K. Reserve Might Affect Canadian Prices

PUSH HOME ACREAGE

The problem of creating a wheat reserve in Great Britain in the event of an outbreak of war is still much to the fore. The question has been given considerable publicity in the press and lecture halls of the Old Country, as well as in parliament. As a result it is considered that steps may be taken to build up such a reserve.

Might Hit Canada

The carry-over at present is understood to be the lowest in years. Any effort to build up a reserve would undoubtedly affect the Canadian situation, as Britain is the biggest buyer of Canadian export wheat.

A big reserve in British terminal elevators might conceivably have the same bearish effect on Canadian prices as a similar surplus in this country exercised during the 1931-35 period.

The problem, of course, might also affect wheat growing in Great Britain, which in recent years has been stimulated by higher domestic prices and other means.

Push U. K. Production

The area planted to wheat in the United Kingdom since the enactment of the British Wheat Act May 12, 1932, has been increased from an annual average of 1,368,000 acres during the five years ending with the 1932 crop to 1,882,000 acres for the 1935 crop.

Production during this period has increased from the average of 44.6 million bushels before the Act went into effect to 65.4 in 1935. Unfavorable growing conditions resulted in poor yields in 1935. In 1934, when 1,866,000 acres were harvested, the crop totalled almost 70 million bushels.

The purpose of the British Wheat Act has been to make production profitable for the limited quantity that could be grown advantageously in the United Kingdom. It is estimated that the total area of good wheat land in the United Kingdom was about 1.5 million acres from which a yield of 50 million bushels of millable wheat might be expected. That is about one-fifth of total national requirements.

No Intent of Self-sufficiency

There has been no intention or attempt to make the country self-sufficing in wheat production, say observers. It is recognized that wheat can be grown more cheaply in Canada, Australia, the United States, and Argentina. Yields per acre are smaller in these countries, but the production per man employed on farms is much larger than in England, due to the greater use of machinery. The British government seems to be of the opinion, however, that the domestic producer, in the interests of a more balanced agriculture, should grow approximately 15 to 20 per cent of the total wheat requirements.

British experts say that under the British system of farming increased mechanization is not likely to make much headway. Even in areas where mechanization could be more widely adopted it might be at the cost of depopulating farms, contrary to British policy, which has had as one of its objectives the encouragement of increased employment on the land and the maintenance of agricultural wages.

Guaranteed Price

Expansion in production has to depend on the maintenance of a guaranteed price combined with maintenance of a minimum wage for farm workers. This in effect is the objective of the Wheat Act and the Agricultural Wages Board. The government has recognized that to try to raise wheat prices by tariffs alone would impose a heavy charge upon consumers, and might also result in expanding home production beyond the limits fixed by the Act. The solution is to assure the producer a profitable market at a guaranteed price for a definite quota of wheat without materially affecting the price of four-fifths of the nation's total requirements.

Under the Wheat Act, home producers are guaranteed a price of 10s. per cwt. ($1.32 per bushel) on all sales of millable wheat as long as such sales do not exceed 50,400,000 bushels. Growers continue to sell their wheat on a free market at whatever price it will bring. At the end of each season the Wheat Commission, set up under the Act, gives each registered grower a "deficiency payment" sufficient to bridge the gap between the average price actually obtained for home-grown millable wheat sold that year and the guaranteed or "standard" price. There is a small deduction for administrative expenses.

Check on Over-expansion

Should the amount of millable wheat sold exceed the 50.4 million bushels maximum, deficiency payments are correspondingly reduced. In this way the Wheat Commission hopes to discourage expansion in areas considered unsuitable for the crop.

The fund for making the deficiency payments is obtained by a levy on all flour delivered for consumption in the United Kingdom from either domestic or imported sources. The tax is fixed from time to time by the Wheat Commission and at present stands at 3s. per bag of 280 pounds ($1.52 per barrel of 196 pounds). The tax is recovered by the millers in the price at which they sell flour. The amount of domestic wheat for which a guaranteed price is maintained is so small, however, that the price maintenance scheme has had no appreciable effect on bread prices although it has greatly stimulated domestic production of wheat.

New Wheat

Seeding in western Canada is expected to be generally completed by the middle of May. While recent rains have been light, the moisture situation, especially in former dry areas is reported as satisfactory for the present.

* * *

In the spring wheat areas of the northern United States seeding is proceeding rapidly. Moisture conditions are reported much improved over recent years.

* * *

Warmer weather in eastern Canada and the eastern States, accompanied by generous rains, has materially improved the outlook for the fall wheat produced in those areas. Present indications are decidedly promising.

* * *

European wheat stocks have been held back by cold weather recently. In France, particularly, there has been too much rain. Elsewhere, the crop is reported in fair condition.

* * *

Late severe frosts have hit the winter wheat in Russia, and have retarded spring wheat seeding, though the acreage of the latter crop up to the middle of April was estimated at 27 million, or five million ahead of a year ago.

* * *

While the southern States are still in need of more moisture, recent rains have benefitted the situation there, which ten days ago was beginning to get critical as a result of lack of moisture.

* * *

Early estimates placed the coming Japanese wheat crop at slightly under 46 million bushels, which is slightly lower than the actual crop in 1935 and 1934, notwithstanding a five per cent increase in acreage.

New Commercial Uses Predicted for Grain

From Kansas comes word of definite progress in the search for new commercial uses for grain.

From the beginning of history, crops of this kind have largely been confined to the production of food for man and livestock. Since the production of large surpluses following the war, however, such consumption has found it increasingly difficult to cope with the greater output of the grain fields of Canada, the Argentine, North Africa, and Australia. The ultimate solution, it is believed in many quarters, lies in new commercial sources for disposal. Lacking such, many observers believe that the big grain growing countries will have to reconcile themselves to reducing acreage.

Motor Fuel

Under the leadership of the Chemical Foundation, Inc., of New York, a plant known as the first "farm fuel refinery" has been completed at Atchison, Kansas. Production of alcohol from corn is expected to commence shortly. The product will be used for mixing with gasoline to make a new motor fuel. Costs are estimated at about 25 cents per gallon on alcohol. While confining itself to corn, it is expected that other grains, such as oats, rye and barley may be used, and also potatoes.

Would Help Wheat

No mention is made of wheat, Canada's chief grain product, but indirectly this grain would benefit. Coarse grains and wheat are competitive to a considerable extent and prices rise or fall in sympathy. In many instances, both for human and livestock food, these grains are interchangeable. If some commercial outlets can be found for barley and oats, then a larger share of the existing channels will be left open for wheat.

Gas and Explosives

Hand in hand with this announcement comes the statement from Professor Ellis I. Fulmer, of Iowa State College, before the American Chemical Society, in which he estimated that a ton of corn stalks could be made to yield from 10,000 to 20,000 cubic feet of gas when subjected to a fermentation process. Professor Fulmer visualized the corn-belt farmer of the future lighting and heating his house with such gas. Explosives from the same source are also considered possible eventually.

Real Enquiry Grain Industry Now Expected

Parliamentary Committee Urges Royal Commission With Wide Powers

From Our Own Correspondent

OTTAWA. — The special wheat committee of the Commons has decided to report in favor of the appointment of a royal commission to appraise the results of past governmental wheat marketing policies and to recommend a new policy for Canada in this regard.

Although there will be difficulty in finding a suitable personnel, the government undoubtedly will accept the recommendation and name the commission with the least possible delay.

The purpose of starting the investigation with the widest possible reference will be to obtain a nonpartisan evaluation of past efforts by governments — provincial and Dominion — to assist in the sale of wheat and coarse grains. The commission will be free to launch its enquiry as from the crop year 1929-30.

No consideration has yet been given to personnel. Mr. Justice Turgeon, of the Saskatchewan Appeal Court, would be an obvious selection for the chairmanship. He headed a similar enquiry in the early twenties, having as a colleague Dr. McGibbon, now of the Board of Grain Commissioners. But Mr. Justice Turgeon is engaged in the rayon enquiry which promises to continue at least until mid-summer and, therefore, he will not be available.

Farmer Debts Lopped 30 p.c.

Creditors Arrangement Act Affects $51 Millions of Debt

Over 11,000 settlements involving 30 per cent debt reduction, have been effected in the 18 months life of the Federal Farmers' Creditors Arrangement Act. The measure was part of the early Bennett New Deal legislation and was designed to give farmer-debtors a fresh start through some voluntary or if necessary compulsory arrangements with creditors to scale down interest and capital indebtedness.

In his first report of the committee in charge of the administering of the act it is stated that over $51 millions of debt has been affected. Reductions total slightly over $15 millions with an annual interest saving of $1,228,000. Over 19,000 applications were received in the first 18 months and of the 11,000 settlements an average interest saving to the debtors of slightly over $150 was reported.

Opposition

Opposition to the measure has been expressed by mortgage companies and big commercial firms who sell to the farmers on time. Unsecured creditors such as the country merchant, the doctor and the dentist, who in many cases have forfeited all claims under settlements, have also voiced opposition. As a result of lack of organization, however, the latter has been neither very noticeable nor effective.

In general there has been little real objection to the principle of voluntary debt adjustment on the part of lending institutions. But officials stated that there is very real opposition to the way the Creditors Arrangement Act has been administered in some sections. They dislike the general lack of finality and overlapping of debt adjustment machinery throughout the whole country.

Claim General Value

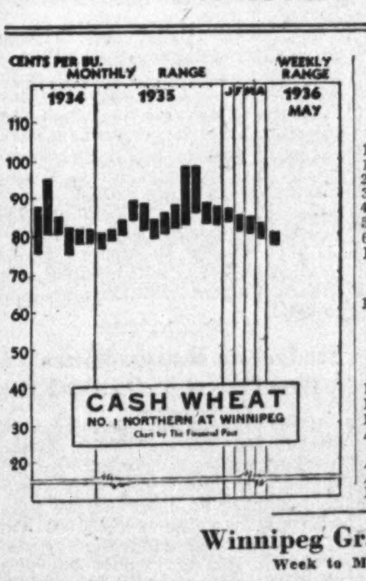
"Throughout Canada," says the report tabled in Ottawa, "it is a matter of record that many thousands of settlements are being effected without recourse to the official receivers and without cost to the government."

Settlements effected under the act, by provinces, follow:

Prince Edward Island, 234; Nova Scotia, 36; New Brunswick, 182; Quebec, 1,221; Ontario, 1,261; Manitoba, 875; Saskatchewan, 1,182; Alberta, 1,041, and British Columbia 86.

In addition to this total of 6,118, voluntary settlements accounted for 4,893, making a total of 11,011.

Wheat Prices



(Cash Quotations)

	For Week May 5 High	For Week May 5 Low	Prev. Week High	Prev. Week Low
At Winnipeg:	$	$	$	$
1 Man. Hard ...	.81⅜	.79⅝	.83⅞	.81¼
1 Northern	.79⅞	.77⅞	.82⅛	.79⅝
2 Northern	.77⅞	.75⅞	.80	.77⅝
3 Northern	.74¼	.72¼	.76⅝	.74⅛
4 Northern	.70½	.68½	.72⅞	.70⅝
5 Wheat	.64⅜	.62⅜	.66½	.64½
6 Wheat	.53⅞	.51⅞	.54⅝	.52¼
Feed Wheat	.44⅞	.42⅞	.47⅛	.44¾
Vancouver: Week to May 1:				
1 Northern	.79⅞	.77	.81⅝	.79½

Competitive Export Prices:
(May) shipment.

	High	Low
	Week to May 1	
No. 1 North. (Vanc.) ...	0.96⅞	0.95⅛
No. 2 North. (Atlan.) ...	0.93¾	0.92
No. 2 North. (Vanc.) ...	0.95⅜	0.93⅛
Argentine Rosafe	unquoted	
Do., Barusso	unquoted	
Australian (Afloat)	0.95⅝	0.94⅝
Australian	0.96⅞	0.95⅞
French	unquoted	

Winnipeg Grain Futures

Week to May 5, 1936

Crop year from Aug. 1, 1935 High	Crop year from Aug. 1, 1935 Low		Open Apr. 29	High for week	Low for week	Close May 5
		Wheat				
1.02¼	.77	May	.80⅛	.80⅛	.77	.78¼
.92⅞	.77⅞	July	.81¼	.81¼	.77⅞	.79¼
.89	.79⅛	Oct.	.82⅝	.82⅝	.79⅛	.80½
		Oats				
.35¾	.29⅝	May	.30⅞	.31⅝	.30⅝	.31⅝
.33⅝	.30	July	.31⅛	.31¾	.31⅛	.31⅝
.31⅞	.30⅛	Oct.	.31⅛	.31½	.30½	.30¾
		Barley				
.42½	.34⅝	May	.37½	.38	.36⅝	.37⅞
.40¼	.35⅝	July	.38⅛	.38¼	.36⅝	.37⅞
.40¼	.36¼	Oct.	.39¾	.39¾	.36¼	.36¼
		Flax				
1.65	1.33	May	1.48	1.48½	1.45	1.45
1.63	1.40¼	July	1.47	1.47¾	1.43¾	1.44⅝
1.47⅝	1.41	Oct.	1.46½	1.46½	1.41	1.41⅛
		Rye				
.51⅛	.38	May	.40½	.40⅝	.38	.40¼
.48½	.39⅛	July	.41¼	.41⅝	.39⅛	.41⅝
.49	.41⅛	Oct.	.43¾	.43⅝	.41⅛	.43

SEARLE GRAIN COMPANY
LIMITED
Country Elevators — Commission Merchants — Future Orders — Domestic and Steam Coal — Flour and Feed
OFFICES:
WINNIPEG — EDMONTON — CALGARY
FORT WILLIAM — VANCOUVER

SEARLE TERMINAL LIMITED
WINNIPEG - FORT WILLIAM

RELIANCE
GRAIN COMPANY LIMITED
Owners and Operators Country Elevators and Terminals
Exporters and Shippers
SMITH, MURPHY CO. INC.
510 PRODUCE EXCHANGE, NEW YORK
Head Office: 919 Grain Exchange, Winnipeg
Branch Offices: Toronto and Vancouver

PARRISH & HEIMBECKER
LIMITED
Incorporated 1909
Grain Receivers, Shippers and Exporters
HEAD OFFICE: WINNIPEG
BRANCH OFFICES:
MONTREAL TORONTO PORT ARTHUR
LETHBRIDGE CALGARY EDMONTON
VANCOUVER
"An old established firm with a reputation for doing business RIGHT"

JACKSON BROS.
GRAIN COMPANY LIMITED
HURON & ERIE BLDG. — WINNIPEG
STOCK EXCHANGE BLDG. — VANCOUVER
STOCKS — BONDS — GRAIN
Members, Winnipeg Grain Exchange — Winnipeg Stock Exchange
Vancouver Stock Exchange — Canadian Commodity Exchange.
Orders executed over private wires on
NEW YORK - MONTREAL - TORONTO - VANCOUVER

Northern Elevator Company
Limited
Incorporated 1893
OLDEST ESTABLISHED GRAIN FIRM IN CANADA
40 YEARS OF CONTINUOUS PUBLIC SERVICE
Head Office:
GRAIN EXCHANGE — WINNIPEG, MAN.

From Wagon to Sea-Board —
— Fair and Efficient dealing is the "A.P." Standard of Service.
The ALBERTA PACIFIC GRAIN COMPANY Ltd.
LICENSED AND BONDED WITH THE BOARD OF GRAIN COMMISSIONERS

NORRIS GRAIN COMPANY
LIMITED
WINNIPEG AND TORONTO
PRIVATE WIRE SERVICE
GRAIN AND STOCKS
Represented by NORRIS GRAIN CO. at
London, Liverpool, Chicago, New York, Toledo, Kansas City

BARNETT-McQUEEN COMPANY LTD.
Designing Engineers and Contractors—All Classes of
GRAIN ELEVATORS - WAREHOUSES
DOCKS AND HEAVY STRUCTURES
PROPOSALS INVITED
"Nothing Too Large or Too Small"
Head Office: 460 Christina St.
Mail Address: P. O. Box 547
FORT WILLIAM, ONTARIO

THE CANADIAN CONSOLIDATED GRAIN
COMPANY LIMITED
Operators of Country Elevators in Manitoba and Saskatchewan and Terminal Elevators at Fort William and Port Arthur
Grain Commission Merchants—Shippers and Handlers of All Grains
Head Office: WINNIPEG, CANADA

EST. 1857
Grain Merchants
Shippers & Exporters
Pioneers IN THE EXPORTING OF CANADIAN GRAIN
JAMES RICHARDSON & SONS
Limited
WINNIPEG REGINA MONTREAL MOOSE JAW VANCOUVER SASKATOON TORONTO CALGARY KINGSTON EDMONTON

Ore Treatment Testing Plant Boon to Miner

University of British Columbia Experiments Successful

LIKE CLASSIFIER

From Our Own Correspondent

VANCOUVER. — University of British Columbia, which for a good many years has specialized in the study of mining and metallurgy and experiments for the handling of complex ores, has devised an apparatus which mining men declare may effect considerable saving in determining the most effective method of ore treatment.

Ores of about ten different mining properties in British Columbia have been tried out on the apparatus since the beginning of the year when it was first installed, and the reports have unanimously been that results more than justified the service. So far no regular commercial work has been done, but it is hoped to put the device on a paying basis shortly, with payments from the mines to augment the funds from a special grant. The university has borne all expenses so far.

Tests have not been carried to the point where the apparatus is claimed to be infallible, but those in charge of the work, including Dr. H. V. Warren, of the Department of Geology, are optimistic. They believe that by use of the machine geologists will be able to tell exactly the best method of milling to apply to almost any ore, and if practicable methods will yield profitable results.

Really a Classifier

The machine is really a classifier. In a given piece of ore there may be gold either in flake form or in the centre of associated minerals. Chemical analysis would reveal the composition, but it would not reveal the best way of handling in the mill. At present selection of a type of mill is largely a matter of guesswork. The university's machine is designed to eliminate this element of uncertainty.

The device is based on the principle that by polishing the ore it is possible to reveal the best method of milling. This, of course, is an old idea and often used in so-called "polished sections." But the old method of polishing by hand on steel and cloth covered grinding wheels has not been satisfactory because it could not reveal the structure of ore except in small pieces.

The new process produced such perfect surfaces that the magnification can be increased more than ten times what was possible before.

Elminates Old Bane

The machine consists of a hydraulic press and a polishing machine. They were designed by Prof. George A. Gillies of the department of mining and metallurgy. Fragments of the ore are embedded in blocks of bakelite by means of special molds and electric heating element while the mixture of bakelite powder and ore is under pressure. The blocks are fitted to a grinding machine and pressed against a polishing plate which is rotated in three directions at once. The mixture sinks into the plate, which is of lead construction covered with an abrasive mixture much finer than that ordinarily used in similar work. The "grinding" effect, which was the bane of old processes, is eliminated. The specimens are ready to be examined after eight to twelve hours of continuous rotation.

Examination is done with microscopes of 850 enlargement power, coupled with special cameras which increase the magnification to 3,000 diameters. From one to seven days work is required to determine the classification of the ores in the ordinary commercial ores, according to Dr. Warren.

List Lava Cap Gold On Toronto Exchange

Lava Cap Gold Mining Corp., a company with a Delaware charter, and property in California, has been listed on the mining section of the Toronto Stock Exchange, trading having started April 28.

Lava Cap Gold Mining Corp. has an authorized capitalization of 2.5 million shares par value $1. Of this amount, 164,245 shares remain in the treasury, 10,000 of which are subject to payment to the company's mining engineer on August 10, 1936, for services.

In 1934 the company reported total production of $296,432 from 45,473 tons milled. In 1935, production was reported at $856,049 from 63,226 tons milled.

The company's balance sheet as at Dec. 31, 1935, shows current assets, including stores and supplies of $20,586, totalling $187,796. Current liabilities totalled $63,517, leaving working capital of $124,280.

The only Canadian director of the company is R. O. Sweezey, of Montreal. The head office is River Road, Ansonia, Conn., U.S.A.

Quebec Gold Production

A marked increase in production of gold and a small decrease in that of silver is shown in the report of the Quebec Bureau of Mines for the first two months of the year.

Diana Gold Mines Enters Bankruptcy

From Our Own Correspondent

WINNIPEG.—After many vicissitudes Diana Gold Mines is now definitely in bankruptcy. A receiving order was issued to the London and Western Trusts Co. and the mine and its assets will probably be sold to the highest bidder. Approximately the property owes $85,000 to $100,000 and minewise it never appeared to be in better shape. There have been many rumors of reorganization during the last few weeks and for a time it appeared that at least one of several plans proposed would be adopted.

Creditors, however, got tired of waiting and forced it into bankruptcy, believing that it is quite possible to secure a price for it that will satisfy their claims in large measure.

Only pump men and an engineer are now on the property, the balance of the crew, which had previously been reduced to about 20 men having been brought into Winnipeg.

Sees 10 Men Supported By One Underground

C. V. Corless Stresses Need for Acceleration of Mining Industry

KEY TO PROBLEMS

Supporting his argument with the statement that one man employed in the mines of Canada implies ten more supported, C. V. Corless, one-time director and general manager of The Mond Nickel Co., and highly trained mining engineer, in a letter to The Financial Post, urges that Ottawa adopt a mining policy embodying "acceleration" rather than "application of the brakes."

The proposals of Mr. Corless, who has the degree of M.Sc., LL.D., and many years experience in mining to his credit, are particularly interesting and timely.

The suggestions are inspired by The Post's series on "The Next Five Years in Canada." Most of the national problems referred to in this series are aspects of the same problem, Mr. Corless believes.

"They are like sectors of a very large circle, and a very vicious circle at that; they encompass us like a prison wall, from which there is no escape from within, but only from without."

"Unemployment Is Key"

Such suggestions as creating more money, creating more credit, tinkering with the money system and further land settlement, Mr. Corless sees as impracticable. Repudiation is not only impracticable, but dishonest and unsportsmanlike.

"No complex economic reasoning is needed to see clearly that the reduction of unemployment to normal would prove to be the complete smash-up of the vicious circle," he writes. "Money would again circulate, goods would be consumed, factories would increase production, taking on their accustomed quota of men, relief expenditures would disappear, taxes would again become normal, the banks would find the desired outlet for funds, and farmers would find consumption much improved."

While admitting that the hypothesis of reducing unemployment to normal might appear impossible of attainment, Mr. Corless believes that the answer, in part at least, lies with the mining industry.

Seen at First Hand

"During my quarter century of collaboration and responsibility with The Mond Nickel Co., I had the opportunity of studying at first hand the direct and indirect effects of the mining industry on employment, locally (in the Sudbury area) and more widely. Briefly summarizing, I found that generally for one man employed at mines or smelter, on the average, at least three persons were directly supported. Indirectly and locally, in affording the usual facilities, conveniences, and social services, though more difficult to check accurately, I found that approximately as many more were supported. Thus Copper Cliff, Sudbury, Coniston, Creighton, Timmins, Kirkland Lake, Noranda, etc., are essentially mining towns, supported almost wholly by the mines and the reduction works nearby. Again, though still more difficult to estimate accurately, probably nearly, if not quite, as many more are furnished with employment through the manufacture and shipment from outside points of the great quantities of supplies for mines reduction works, and all the people supported directly and indirectly by the mines in this northern area. It requires little imagination and knowledge to be able to visualize the further fructifying reactions from the additional employment thus furnished, right through to the creation of head offices, exchanges, and financial houses built or supported in whole or in part in this way in our southern towns and cities."

"Give Mining a Break"

When The Mond Nickel Co. employed 1,500 to 1,800 men, they were supporting directly and indirectly at least from 15,000 to 20,000 persons, Mr. Corless states.

This, he thinks, is the key to the Canadian economic puzzle.

"I am convinced," says this man, who has virtually grown up with Canadian mining, "that a restoration of reasonable taxation, on mining income, both company and personal, with assurance of stability of taxation policy for a period of years, would be followed by the greatest expansion of the industry we have yet seen. . . . . The very venturesomeness of mining has a universal appeal. But men should have fair protection because of the risk. The present depletion allowance is wholly inadequate. If the government will give the mines an assured break for five, or preferably ten years, few people who have really thought about the matter will have any doubt as to the result."

The time has arrived, Mr. Corless believes, for the Dominion government to substitute a policy of acceleration for the policy of applying the brakes to this industry. "Mining in Canada holds the key to industrial, financial, and social recovery. For the next half century at least, Canadian prosperity, like that of South Africa, will rest chiefly on the mines."

Mining Enquiries

Aldermac

I understand Aldermac Mines is undergoing a reorganization. I would appreciate details.

In January of this year, shareholders of Aldermac Mines approved the reorganization of the company into Aldermac Copper Corporation Ltd. Shares of the new company will eventually be distributed to holders of shares in the old Aldermac company.

In the annual report of Aldermac for the fiscal year ended Dec. 31, 1935, a deficit for the year of $61,463 was shown. This increases the total deficit carried in the balance sheet to $192,827.

The new company, Aldermac Copper Corp., controls what is claimed to be a new system for treating the difficult Aldermac ore. The property has been developed to 1,100 ft., and officials claim a large ore body has been indicated, which will, however, require a further rise in the price of copper to become of commercial worth.

Under the new arrangement, Aldermac Mines will receive 1,249,674 shares of the five million share Aldermac Copper Corp. This will eventually be distributed to Aldermac shareholders on the basis of one for each four shares now outstanding. Towagmac Exploration Co., which controls Aldermac, will receive 780,000 shares in discharge of its claims, amounting to $517,000.

Reno Gold

Will you kindly give me some information on Reno? The stock has been climbing and dividends are good.

Reno Gold Mines is currently paying dividends amounting to 14 cents per share. At $1.16, this represents a yield of around 12 per cent. The yield is admittedly high for a Canadian mining company and is traceable to the fact that the company's ore reserves are not, at present, as large as might be expected, from a company paying such a dividend rate. However, in the past month or so, conditions at Reno have improved considerably, and recently the company stated that after all charges, including dividends and taxes, a cash surplus of about $100,000 had been attained, as compared with about $50,000 last June. In addition, ore reserves have been increased from the June, 1935, figure, and now, at the present rate of milling of about 3,000 tons per month, are sufficient to last the mill between 1½ and two years. While these are not large reserves, the company is in good hands and has never failed in the past to keep shareholders informed as to conditions at the property.

Blue Star Mines

Have you any information as to Blue Star Mines? Who are the directors? How are they financing? What work has been done?

Blue Star Mines, a promotion of Lloyd Lott & Co., was recently formed to resume development on the old Stella Mines, worked around 1900. Little is known as to what results were obtained, and the new company is, to all intents and purposes, starting from scratch.

The company has not as yet any board of directors, the provisional directors comprising, as is customary, members of the office staff of the legal firm which obtained the charter.

Blue Star has an authorized capitalization of three million shares, par value $1. Of this amount, 1.3 million shares were issued for property, leaving 1.7 million shares for financing. Of this amount, 700,000 shares are under option by New York, Boston, and Toronto brokers, which are shares at present being sold. Officials of the company claim to have $50,000 in the treasury. At the time of writing, unlisted dealers in Toronto quote a market of between 28 and 30 cents per share.

Lloyd Lott & Co. have reported encouraging values both on surface and in the old shafts. The preliminary nature of development work so far keeps the property an out and out speculation.

Nicola Mines & Metals

What is your opinion of Nicola Mines & Metals as a speculation? Do you think the outlook is better?

Until a few months ago, developments at Nicola Mines & Metals in British Columbia were obstructed by dissension in the management and litigation of principals. However, the mine was reopened in July, the mill is now operating at 65 tons per day, and it is planned to increase to 100 tons per day shortly. With the property officially reported to be on a self-supporting and profit-making basis, and in a position to pay off all obligations, including the $15,000 bank credit, the outlook is certainly better than a year ago. Proven ore reserves of 15,000 tons are not very large, but on the assumption that underground exploration may reveal new bodies of commercial ore, milling appears warranted. Mining operations on the 440-ft. and 550-ft. levels of the "enterprise" vein have been encouraging.

Standard Minerals

Have Standard Minerals of Canada made any commitments as yet? I hold some of the trust certificates.

Standard Minerals of Canada Limited have not, at time of writing, made any commitments, although we understand that negotiations are under way for an interest in an outside property. As you know, all stocks purchased under this company's charter are to be immediately distributed to trust members, according to their proportionate interests. Accordingly, as a holder of a certificate, you would be immediately advised as to any commitments which the company might make.

Standard Minerals has on its board experienced businessmen, and has at its disposal the advice of well-regarded mining engineers.

Robb-Montbray Mines

I would appreciate a brief review of Robb-Montbray.

Robb-Montbray Mines was organized to develop a gold-copper prospect in Quebec. The property has been inactive since 1929, and Robb-Montbray has become largely a holding and exploration company. On the board of directors are some capable mining men. Despite this background, Robb-Montbray has not been particularly successful in developing a property of merit. However, at the present time the company is interested in Darkwater Mines Limited, which holds some promise. The company's balance sheet as at December 1, 1935, showed current assets of $33,060 against current liabilities of $274.

Flin Flon Development

Approximately $100 millions have been expended directly or indirectly during the past 11 years in the development of the Flin Flon copper mine in Manitoba.

Sullivan Con. Boosting Mill To 150 Tons

President Says Dividends Possible Late in 1936

ORE RESERVES UP

At the annual general meeting of Sullivan Consolidated Mines, Quebec producer, in Montreal recently, A. H. Paradis, president, announced the mill will be increased to between 140 and 150 tons per day, from the present rate of about 115 tons. He pointed out that the ore estimate contained in the company's annual report of 92,850 tons, does not include any ore the average values of which have not been definitely obtained. Ore reserves had increased since the annual report was prepared, stated Mr. Paradis.

I. M. Marshall, manager of the property, told the meeting recent developments have been very encouraging. He stated splendid ore was being obtained in the No. 4 vein where recent drifting in a sub-level between the No. 2 and No. 3 levels has indicated to date a length of 137 ft. of .75 oz. across full drift width.

Mr. Paradis, while declining to commit himself definitely stated the management hoped to be in a position to inaugurate dividends late this year.

Polaris Gold Mines To See More Work

Officials Report Funds Available for Porcupine Property

From Our Own Correspondent

TIMMINS. — Polaris Gold Mines report that funds are in hand for further development of the property in Tisdale and Mountjoy townships, adjoining Hollinger Consolidated Gold Mines. As soon as the frost is out of the ground the Polaris shaft will be dewatered and trenching begun on the claims recently acquired.

During the past year Polaris has increased its acreage from 155 to 508, R. F. Stibbard, formerly resident manager, told The Financial Post last week. The mine now has 13 claims, including the Breausseau, McGrath and Starr claims.

Shaft has been sunk to 255 ft. Present equipment includes compressor capable of operating three drills, and plant sufficient to sink to 1,000 ft.

Mr. Stibbard says engineers who have examined the property, including E. E. Campbell, consulting engineer, and president of Mining Research Corp. have pointed out that the property is at the junction of two breaks.

One of these "breaks" or fractures runs northeast toward the old Empire Gold Mines, while the other strikes northwest from Canadel and Hollinger. The reason the main break was lost in Empire Gold property, R. F. Stibbard claims, is because of deep overburden. Use of a magnetic detector has indicated the continuation of the break into Polaris ground.

Being financed through Franklyn Finance Ltd. of Toronto, Polaris has on its board of directors Paul Seiler, formerly with the Truck Division of General Motors, A. E. Stibbard, brother of R. F. Stibbard, now with Mineral Estates Ltd., and J. H. S. Kerr of Ontario Rubber.

Final 500,000 Shares Of Homestead Oil Listed

Application for listing an additional 500,000 shares of Homestead Oil and Gas Ltd., has been approved by the Toronto Stock Exchange, and trading started April 30. The first 500,000 shares of this company's stock was listed March 21, 1931, a second block Aug. 8, 1934, and the final 500,000 currently.

Of the 1.5 million shares, $1 par authorized capitalization, 963,000 have been issued, leaving 537,000 shares in the treasury.

On April 9, 1936, the company sold 100,000 shares at 30 cents per share, and gave options on 350,000 shares at prices ranging from 40 cents to $1 per share in installments up to 15 months.

The property of Homestead consists of 86 acres in Steuben County, New York state, and leases giving right to drill for oil and gas on properties in Ontario County, New York state. In addition, the company owns all but the qualifying shares in a Texas company known as Homestead Oil and Gas Co. Inc. which holds leases on 3,480 acres in Stevens, Palo Pinto and Schleicher Counties, Texas.

In Bristol Valley of Ontario County, the company has drilled a gas well to a depth of 2,740 ft. with an approximate flow of 700,000 cubic ft. daily. This well, in which the company has a 75 per cent interest, is capped pending pipeline arrangements. In Stevens County, Texas, two wells are being drilled, one of which is at a depth of about 2,180 ft. and the other at 1,800 ft.

As at March 14, current assets totalled $25,744 of which $16,091 was in cash. Current liabilities amounted to $349.

Stadacona Rouyn Mines Sets Ore at 170,000 Tons

Based on lateral development work on the 300, 450 and 600-ft. levels, Stadacona-Rouyn Mines, Rouyn, Quebec, producers, estimates available tonnage at about 170,000 tons, with a gross value of $1,350,000. On the basis of the 200 tons per day mill proposed, this ore would be sufficient to supply the mill for slightly under two and one-half years.

Officials claim total possibilities of the various present levels have not been fully developed.

The company estimates that mining and milling costs should be about $4.50 to $5 per ton. To the end of April, the company's treasury received $827,090, of which $656,380 or about 80 per cent has been spent on prospecting, exploration, diamond drilling, shaft sinking, crosscutting, plant and equipment and mill construction. The company reports cash and accounts receivable amount to $75,543 against current liabilities of $10,383.

New Louisiana Crude Field May Disturb Oil Balance

For many months the oil companies of Canada have watched the development of the new Rodessa field in Northwestern Louisiana with complacency because it did not seem likely to affect the proration arrangements already working effectively and therefore to interfere with the stabler price situation for gasoline.

Now they are not quite so sure. It is not so easy to handle as other fields if it becomes a very large producer because it cuts across the corners of several states. On August 24, 1935, this field in northwest Louisiana had a daily production of 1,650 barrels. On March 21 last output was 43,900 barrels daily. Already there are 120 wells in Louisiana and 5 in Texas. And the area is extending every month. The oil is reported to be like Pennsylvania crude, rich in lubricants.

So far Louisiana control has been effective. But governors have changed and there have been disquieting incidents.

Mine Fiction

Port Hood Coal Prospectus Recalled On Order

From Our Own Correspondent

MONTREAL — Characterized as one of the best pieces of fiction regarding coal mining in Nova Scotia, a prospectus issued by Capt. J. F. Symons, Montreal, on the Port Hood Coal Mines, was ordered withdrawn by the Government of Nova Scotia.

In discussing this promotion in the Nova Scotia Legislature, Hon. Michael Dwyer, Minister of Mines, stated the matter had been put in the hands of the registrar under the Securities Frauds Prevention Act. The minister also advised Capt. Symons to make rebates to any persons to whom shares had been sold as the result of the prospectus.

The company handling the Port Hood development was incorporated in Quebec and, according to a letter received by the Minister of Mines from Capt. Symons, no stock certificates had actually been issued.

The minister told the House that the matter had been put into the hands of the government's legal department and the company was being watched very closely.

Wingold Property Gets Thorough Drilling Test

From Our Own Correspondent

WINNIPEG.—About 3,700 ft. of drilling has now been completed on the Wingold property in the Rice lake area and is still continuing. At present a hole from 700 to 900 ft. in depth is being drilled under the swamp near the southwest boundary. This hole, it is anticipated, will give information regarding possible values in this section. So far the greater part of the drilling has been to test the extension of veins in the porphyry at shallow depth. The results suggest these veins are similar to the deposit explored underground in 1934 and '35. The programme is to be continued on other parts of the large property. With warmer weather it is anticipated much better progress will be made.

B. C. Coal

Coal production in British Columbia for February amounted to 124,830 tons as against 95,736 tons last February.

Useful Map Issued Of Mine Centre Area

As further guidance to the mineral development of the Mine Centre area of Ontario, the Geological Survey, Department of Mines, Ottawa, has issued a colored geological map on which are shown location of claims, trails, principal mine workings and mineral occurrences. The map, which is the first one to show the relationship between the geology and mineral occurrences of the area, is based on field investigations by T. L. Tanton.

GILMOUR SETS ORE RESERVES

A. A. Kenniger, mine manager for Gilmour Gold Mines, reports that the new 100-ton flotation cell has been delivered at the property in Hastings county, south-eastern Ontario, and is now being installed under the supervision of H. D. Hunt, of E. Long Co., Orillia, consulting metallurgist for Little Long Lac Gold Mines.

Mr. Kenniger states that an estimate of ore indicates from 1½ to 2 years supply, calculated from ore faces over 4½ ft. to 5 ft. width, averaging $17 per ton.

N. C. URQUHART & CO.
STOCK BROKERS
Members Toronto Stock Exchange
15 King Street West Toronto, Ont.
ADel. 6028

Pamour
We have prepared a circular on this mine, copies of which may be had on request.
Bongard & Company
80 KING ST. WEST, TORONTO. EL. 5381
GUELPH KITCHENER WINDSOR HAMILTON
The Toronto Stock Exchange
Winnipeg Grain Exchange
Chicago Board of Trade
New York Curb (Assoc.)
Montreal Stock Exchange
Montreal Curb Market
Commodity Exchange, Inc.
Canadian Commodity Exchange Inc.

J. E. GRASETT & CO.
Members The Toronto Stock Exchange
302 Bay St., Toronto
WAVERLEY 4781
Branch Office:
2822 Dundas St. at Heintzman Ave. JU. 1167

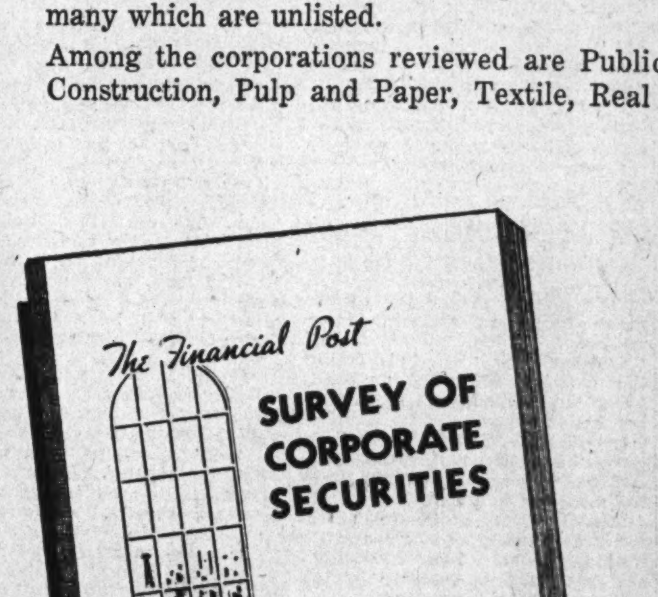
DIRECTORS:
HON. W. B. BLACK
F. A. GABY, B.A.Sc., D.Sc.
J. ARTHUR GRIFFITH
E. B. KNAPP, M.E.
M. H. LEBEL, M.D.
JOHN C. ROGERS, M.E.
W. RALPH SALTER

ABLE and experienced men are conducting serious mine making operations at
BIG MASTER
CONSOLIDATED GOLD MINES LIMITED
An extremely bright future is indicated for this property. Information upon request.
A. E. DAWSON & COMPANY
—Brokers—
Federal Bldg. Toronto
Telephones: ADelaide 6093-4-5

Up-to-date *Facts* about your Canadian Securities

The new 1936 edition of The Financial Post SURVEY OF CORPORATE SECURITIES provides complete and up-to-date facts on 1,500 Canadian corporations whose securities are in the hands of the public, including those listed on Canadian Stock and Curb Exchanges and many which are unlisted.

Among the corporations reviewed are Public Utilities, Banking, Rubber, Iron and Steel, Construction, Pulp and Paper, Textile, Real Estate, Oil Refining, Beverage, Investment Trusts, Trust and Loan, Milling, Foodstuffs, Merchandising and Transportation.


The Financial Post
SURVEY OF CORPORATE SECURITIES
1936
TENTH YEAR OF PUBLICATION
THE MACLEAN PUBLISHING COMPANY LIMITED

This new book gives . . .
- Details of each company's business and properties.
- Names of officers and directors.
- Balance sheet and income and surplus account for 3 years.
- Price range of stock for past 4 years.
- Dividend rate, when and where payable.
- Capital structure and funded debt.
- Funds in which bond interest is payable.

Because of the many changes — mostly favorable — in the position of Canadian companies at the end of their last fiscal year, this book is indispensable to investors. Check over YOUR securities with this new information.

About 300 pages, 12" x 9", $2 a copy.
Order NOW.

The Financial Post,
481 University Avenue,
Toronto 2, Canada.
Send me postpaid .... copies of The Financial Post SURVEY OF CORPORATE SECURITIES, 1936, at $2 a copy. Enclosed is $............ in payment.
NAME ....
ADDRESS ....
.... 675

Ready May 30th

The Week in Mining

Varied Forces Cause Market Excitement

Budget Surprises, Short Selling, Property Development, and Record Dividends Play Part

The reaction of the market to the budget was surprising from more than one angle.

In the first place it was rather slow in coming and when it did arrive, took some rather strange forms.

After a day of comparative inactivity, the market suddenly broke into action, and on Tuesday, May 5, volume reached the highest peak since the February boom. On February 12, of this year, volume reached about 2.6 million shares. Last Tuesday volume reached about 2.5 million shares.

After the announcement of the tax concessions revealed that there was little in the budget for the senior golds except the promise of no arbitrary taxation, the market picked on the junior golds, and several new highs were chalked up.

Howey's Behavior

ONE of the enigmas of the post-budget market move was the sharp move in Howey Gold Mines stock, which rose, in one day's trading, from 58 to 90 cents per share. Since no even fairly reliable reports were circulating as to the reason for the move, and officials confessed complete ignorance of the raison d'être, apart from development at the neighboring Red Lake Gold Shore, it must be assumed that somehow or other the budget was connected, at least in part, with the behavior of Howey, which appeared for the day to forget that it was a respectable, established producer, and behaved like a kittenish young prospect.

Although, since Howey has been in steady production since April, 1930, it is obvious that it cannot hope to profit from the tax exemption, there was a general background to Howey's strength in the Red Lake field, particularly in the promising results being obtained by the neighboring Red Lake Gold Shore Mines. In addition, of course, the fact that Howey is an unusually low grade producer, makes the promise of stable mining taxation contained in the budget very comforting to shareholders. Thirdly, McKenzie Red Lake's initial dividend of three cents per share, payable June 15, brought the district into the spotlight.

* * *

Little Long Lac Area

APART altogether from the budget, and some days before it was brought down, a noteworthy spurt was made by the stocks in several Little Long Lac prospects, notably Macleod Cockshutt and Hard Rock Gold.

Development reports from both these properties have been fairly encouraging but part of the latter rise in MacLeod Cockshutt may have been due to the fact that, when the stock started to rise, a Toronto brokerage house found itself short about 250,000 shares, at various figures. This shortage of stock caused other houses, who had bought through the original house, to be short. The resultant scramble for stock sent the prices high, and caused the temporary suspension of the original broker.

* * *

The Budget Provisions

ALTHOUGH, as reported elsewhere, disappointed over the failure of the government to restore the former depletion allowance was keen in mining circles, it is only fair to view the budget provisions for mining against the background of the general attitude of the King government toward the industry.

Viewed in this way, it will be seen that the present government has probably gone further in recognizing the new place of mining in the national scheme than any of its recent predecessors.

The present government has relieved new producers of corporate income taxes for a period of three years.

It has given stability to the taxation question to the extent of promising no discriminatory taxes while it is in office.

It has verbally, at least, recognized the necessity for a stable national mining policy.

A programme of opening up mining areas by means of roads has been embarked upon.

The policy of sending field parties out in the summer under expert guidance to map out areas favorable to the deposition of minerals will be maintained.

Through the mines minister, Hon. T. A. Crerar, an attempt has been made to educate the public toward the importance of mining to Canada through a series of radio addresses.

There are grounds for believing that behind these moves lies a broad intention of using the north as a sort of buffer against the depression and utilizing the mining industry both as a legitimate bait for foreign capital, and as means of ameliorating unemployment.

* * *

Nickel's High and Low

STOCK of International Nickel Co. demonstrated recently just how contrary a stock can be. On the day that directors announced a quarterly dividend which set a new high for this company, since the merger with Mond Nickel Co., the stock on the Toronto Exchange reached a new low for the year at $43.50.

This drop in price, from a high for the year of $54, was in the face of generally anticipated higher earnings in the first quarter of 1936. The expectation for higher earnings is based on greater consumption in the automobile industry in both U. S. and abroad.

The dividend for the second quarter of 1936 was 30 cents per share, compared with 25 cents paid in the first quarter of the year.

The decline in stock is being attributed to the general decline in the New York industrial market, a trend which Nickel religiously follows under such conditions. As pointed out in The Post at the time, Nickel at $50 per share and over was vulnerable, in any event.

* * *

News Travels Fast (?)

—but sometimes not so very fast, even in this so-called age of speed. Recently The Financial Post heard from a subscriber (it is to be hoped a new one), who wondered why he never saw shares of Elliot Kirkland Gold Mines quoted. He had bought Elliot stock many years ago, he said, and had, with amazing patience, waited ever since for dividends.

Elliot Kirkland was acquired by Macassa Mines in the dim past, April, 1926, to be exact. At that time Elliot stock became exchangeable for Macassa.

"We have tried consistently for years to bring in all the Elliot stock," stated a Macassa official, "but after ten years, some is still outstanding."

In the meantime, Macassa has become an established producer, and a dividend payer, and still there are those waiting patiently for dividends on their Elliot stock.

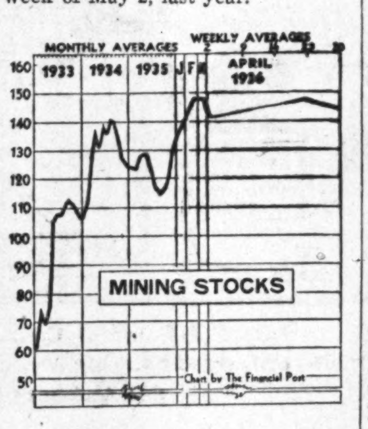
* * *

Index to Mining Stocks

Decreasing prices in the base metals group caused the general index of mining issues to drop from 146.2 for the week of April 23 to 144.1 for the week of April 30. The index for the comparable week in 1935 was 130.8.

The gain in price of a few gold stocks prevented the losses from affecting the index for this group which was 123.3 for the week of April 30, as compared with 123.2 for the preceding week. It was 125.3 for the corresponding period in 1935.

Base metals followed the current of industrials and registered a decline of 11.2 points. The index was 230.1 for the week of April 30. This compares with 241.3 for the week of April 23 and 156.4 for the week of May 2, last year.



Gurney Gold Mines Drills in Good Ore

Shaft on Old Wylie-Dominion Now Down to 375-ft. Level

From Our Own Correspondent

WINNIPEG.—The shaft at Gurney Gold Mines is down to the 375 ft. level, where a station is now being cut. It is planned to do extensive lateral work at this horizon. Altogether, 3,300 ft. of drilling has been completed. Drilling to 250 ft. depth has demonstrated a vein length in excess of 500 ft. with unknown but substantial length remaining to be explored. Widths and values are well maintained as indicated by drilling. The ore body on the No. 1 vein at the 125 ft. level is 400 ft. in length and a second vein has been partially explored at this level, giving promise of additional tonnage. Both were found on the 250 ft. level cross-cut with widths and values fully equal where exposed to those found on the upper levels. Indications to date are that the ore will run about half ounce value in gold for a true vein width of four to five ft. Much greater widths have been found at many points and lengths are not yet fully determined.

Hercules Con. Forms Pembroke Mining Corp.

Hercules Consolidated Mining, Smelting & Power Corp. announce that Pembroke Mining Corp. has been formed to further develop the property owned by Hercules at Phillips Arm, B.C. Pembroke Mining Corp. has an authorized capitalization of 5 million shares of which 1 million will be issued to Hercules for the property. Hercules is to remain as a separate company and will be free to develop other properties.

There will be no exchange of shares held by Hercules shareholders, The Financial Post is officially informed, the 1 million Pembroke shares being retained in the Hercules treasury as a general asset, for the time being at least.

Pembroke Mining Corp. will start development of the Phillips Arm property at an early date.

At the Mines

Bralorne Mines—Recovery for April from this B. C. producer is officially reported to The Financial Post at 4,526 fine ounces, from 14,413 tons milled. This is an average of 0.31 ounce per ton.

* * *

Lebel Oro Mines—Listing of an additional 500,000 shares of this company's stock on the mining section of the Toronto Stock Exchange has been approved, and trading started April 30. The company is developing a group in the Long Lac area of Ontario, and plans to dewater the workings and drill on the original property in Lebel Twp., Ontario.

* * *

O'Brien Gold Mines—J. L. Murray, president of this Cadillac Twp., Quebec, producer, reports that high-grade ore has been developed from 140 ft. west of the shaft on the 700-ft. level of No. 4 vein. It is pointed out that this is directly above a similar occurrence on the 1,000-ft. level, where the present face, 250 ft. west of the shaft continues in high-grade. This is the third occurrence to date on the bottom, and the 600- and 800-ft. levels have still to be explored.

* * *

Paymaster Consolidated—Highest production in both tonnage and value is reported from the property of this company in the Porcupine area for April. From 11,265 tons milled a recovery of $74,480 is reported by an official to The Post. This is an average recovery of about $6.61 per ton.

* * *

Quebec Gold Mining—At a shareholders' meeting in Montreal recently, the following board of directors was elected: Gustave H. Rainville, R. F. Macaulay, Montreal; Messmore Kendall, George Armsby, New York; James Y. Murdoch, Toronto; Jules R. Timmins, Montreal; and W. F. Harty, Kingston.

* * *

Western Consolidated Oils—Has summoned a special meeting of shareholders in Edmonton May 21, to consider the sale of its assets to Wain-Con Oils Ltd., on the basis of one share of Wain-Con for every 5 shares in Western Consolidated, the total not to exceed in all 600,000 shares.

Mineral Estates Hold Large Group

Property Acquired Quietly Along Porcupine Zone

From Our Own Correspondent

TIMMINS, Ont.—Mineral Estates, new holding company in the Porcupine camp, report good results from hand steel work in Carscallen township. This company, which recently staked around 15,000 acres in a straight westerly direction through Mountjoy, Godfrey, Bristol townships, and some in Carscallen township, is also carrying on diamond drilling in the eastern part of Mountjoy.

Acquisition of this land was carried on quietly during the latter part of March and the early part of April, by optioning farms through a number of different agents, until staking is about completed, The Financial Post learns from R. F. Stibbard, resident manager.

Have Geological Theory

Mineral Estates claim to have picked up a broad vein or network of veins off the main Porcupine strike. Their engineers are working on the theory that gold-bearing rock swung south from Hollinger as the result of a big disturbance and country rock became interposed between the ends of the breaks.

Ryan Diamond Drilling Co., of Timmins, is carrying on the work in the eastern part of Mountjoy township. So far no assays have been received, but assay of base line porphyry, April 7, showed $9.80 per ton.

Incorporated on March 27 with an authorized capital of 300,000 shares, Mineral Estates Ltd. report the first stock issue was completely over-subscribed so that it had to be pro rated among the subscribers. Issue of Thursday, April 30, has also been over-subscribed at offering price of $2.50.

Officers of Mineral Estates include: president, Douglas Banks, Toronto, also president of Empire Natural Gas; vice-president, R. F. Stibbard, also resident manager; directors, J. H. S. Kerr, president Ontario Rubber Co., and E. E. Campbell, president, Mining Research Corp.; secretary-treasurer, W. S. Copeland, Toronto.

F. L. James has been appointed resident engineer and Mining Research Corp. are consultants. Mr. James will have a staff of two or three here.

Ashley Mill Closed Mining Corp. Reports

Disappointing results have decided on the closing down of Ashley Gold Mining Corp. mill in the Matachewan area, J. H. C. Waite, president of Mining Corp., which controlled the property, told shareholders at the annual meeting of the corporation in Toronto recently.

Better base metals outlook, and a resultant hope for resumption at Normetal Corp., satisfactory results at Laguna Mines in Manitoba, and the fact that Mining Corp.'s holdings in Hudson Bay Mining & Smelting Co. now have a market value in excess of $2 millions, were highlights of the president's reports.

Consolidated Smelters New Stock Put on Board

From Our Own Correspondent

MONTREAL.—New capital stock of Consolidated Mining and Smelting Co. of Canada, resulting from a five for one split, has been called for trading on the Montreal Stock Exchange on a "when as and if issued" basis. At the same time the old stock was removed from the board.

Supplementary letters patent converting the old $25 par value stock into shares of $5 par value, have been issued by Ottawa. On the basis of the previous capital issue, the company's authorized common stock will total 4 million shares, of which 3,258,755 will be outstanding.

McMillan Gold Requires Funds For More Work

Has Just Sufficient to Meet Current Liabilities

YEAR HAS LOSS

From Our Own Correspondent

SUDBURY. — McMillan Gold Mines has sufficient funds on hand to pay its current indebtedness, but will have to raise additional money if operations are resumed, President G. M. Miller, K.C., reports. The annual general meeting of the company will be held in Sudbury May 9.

The financial statement for the year ended December 31, 1935, shows a loss of $33,539, after taking into account depreciation of $30,011 and a net operating loss during the period of $3,528 without depreciation.

The diamond drill campaign instituted last January, with the object of testing the levels below 875 feet is outlined in the president's report, which tells of the failure to prove up a commercial body of ore. Operations ended April 11.

Total production during 1935 was valued at $262,306. The report shows that millheads and recovery gradually decreased during the last six months of the year. Average grade in July was .183 oz. per ton, and recovery 94.40 per cent, while in December millheads were .112 oz. and recovery 85 per cent.

Current liabilities total $9,811, comprising $5,510 in accounts payable, $3,094, salaries and wages payable, and $1,206 accrued liability. The sum of $21,500 has been expended since January 1 on diamond drilling, drifting and crosscutting.

At the meeting some decision will be made as to the future course of the company.

Buff. Ankerite Output Rising

Combined Recovery Highest Since Marbuan Purchase

April recovery from the Marbuan and Buffalo Ankerite mill on the latter's property in Porcupine in April was about $133,018, company officials inform The Financial Post. Of the total ore milled, 15,231 tons was handled by the No. 1 or Buffalo Ankerite mill, with a total recovery of $105,032, or an average recovery of $6.55 and 4,774 tons at the Marbuan mill, or an average of $5.85 per ton. This is the largest recovery since the amalgamation of the two companies, in spite of the fact that the Marbuan mill was closed down approximately five days for repairs and alterations.

The raise from the 1,050 crosscut to connect with the Ankerite workings will be completed about May 15, officials expect. Increased production at the No. 2 mill will not be put into effect until toward the end of May.

The 1,053 west drift in the south vein has continued to show good values and widths, and will be continued as long as the present values hold.

Gold Lake Shaft Has 360-ft. Goal

From Our Own Correspondent

WINNIPEG. — Gold Lake's three compartment shaft as at the end of April was down 150 ft. with a station being cut at that level. Shaft sinking will be resumed immediately and will be carried on down to 350 ft. before any lateral exploration work is undertaken. The shaft, while not sunk on the main vein, has been found to carry in it another vein which, however, has not been tested to any extent.

Commencing shaft sinking from the bottom of the 26 ft. hole April 10, the drilling crews have been taking out rock at the rate of about 7 ft. per twenty-four hours, timbering keeping up with the sinking.

Notices are now in the hands of shareholders calling the annual meeting for May 18, in Winnipeg. The report of directors and auditors covers operations from date of incorporation to March 31, 1936. On development work, $39,085 has been spent. Plant and equipment is shown at $40,269. Cash totals $10,421 and stores on hand total $11,306. Administrative and general expense is given at $17,100 and organization and pre-organization expense at $5,939. Total liabilities to the public are $13,182 and out of the authorized 3,000,000 shares 1,201,851 have been issued with another 250,000 shares allotted but not issued.

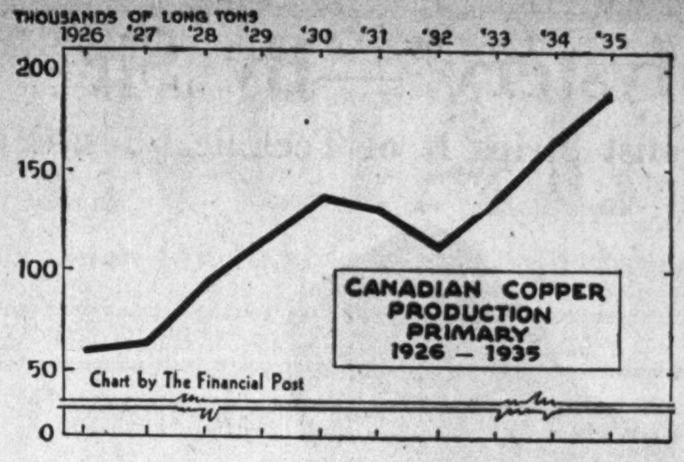
In the report of the directors, T. C. Anderson, president, points out that W. C. Pitfield & Co. are obligated to provide $40,000 as required from February to August, 1936. In September further amounts fall due under the option and should W. C. Pitfield & Co. abandon its option then five days grace is allowed.

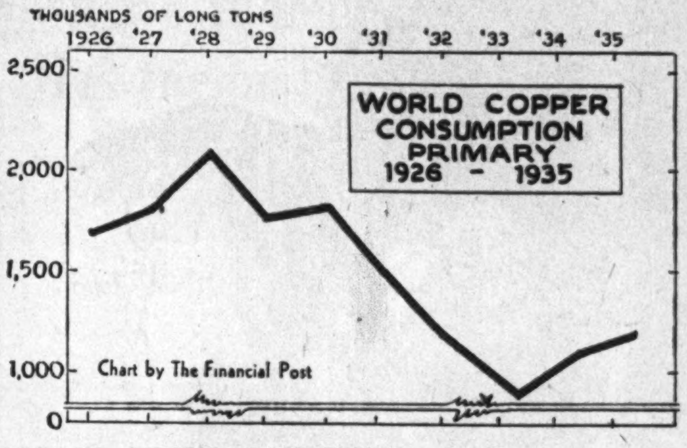
East Malartic Mines Starts Shaft Sinking

With the concrete collar at No. 2 shaft completed and work under way at No. 1 shaft, East Malartic Mines has started sinking. It is expected officially that much vein material will be encountered in sinking both shafts, as due to heavy overburden it was necessary to locate them close to the ore bodies.

J. P. Norrie, manager, reports that all work on the electric substation has been completed. Transmission lines have been completed, the camp lines have been completed, the camps and office building wired and electric lights are now in use throughout.

Vidette Gold Mines—Production for April at this B. C. producer amounted to 730 ounces of gold from 968 tons milled. This is a recovery of .75 ounce per ton.





COPPER TREND CONTINUES

Recently, when United States copper producers agreed upon a price of 9½ cents per pound, it was felt by many that this was a short, but definite climb back to so-called "normal" world copper conditions.

An impressive section of copper prognosticators are calling a further advance, perhaps to 10 cents per pound, in the United States domestic price before the end of July. This would mark another small but definite step.

The accompanying charts show, from the Canadian angle, the long term trend in copper production and world consumption.

The whole copper picture is interwoven with complex statistics which are easy to misinterpret, and which require, in most cases, many qualifications. But from the charts above, it will be seen that at a time when world consumption of copper was hitting a new low, Canadian production started to climb, the chief factors in this tendency being that Canada was not a party to the curtailment agreement arrived at by about 75 per cent of world producers, and to the fact that in Canada copper is mined largely in association with some other metal, such as gold, nickel and zinc, so that production is affected very slightly by world demand.

With world demand showing a steady increase, however, and world stocks comparatively low, there are evidences for believing that prices will rise, which, while perhaps not increasing Canadian volume sharply, would increase value.

Canadian Malartic Increases Tonnage

Ore in First Quarter Reflects Development Programme

Since the date of the annual report of Canadian Malartic Gold Mines, Quebec producer, tonnage treated increased steadily to an average of 314 tons per day, shareholders are told in the regular quarterly report. Profit for the three-month period ended March 31, before taxes, depreciation or deferred development amounted to $44,849.

Production came mainly from the ends of the south ore body below the second level where the grade is slightly below the general average. This accounts for a drop in gross recovery per ton from an average of $7.83 in the three-months period ended Sept. 30 to $6.01 in the first quarter, 1936.

Development work on the three new levels is aimed at bringing these into production. The new vein discovered on the 6th level, developed over 80 ft., shows average grade of 0.6 ounces, or $21 over a width of 10 ft., the company reports. Values are now below pay grade in both ends.

The report shows costs reduced on mining, milling and administrative expenses, while the increased development programme has resulted in higher development and exploration costs.

The earnings record for the first quarter, from 26,469 tons of ore milled, is as follows:

Earnings Statement
Quarter Ended March 31, 1936

	$
Metal prod.	159,220
Less: Marketing	2,292
Net income	156,928
Less: Drilling	6,804
Mine develop.	31,261
Stoping	31,774
Milling	25,969
Mine office, etc.	6,032
Gen. exp. at prop.	6,692
Admin. & gen. exp.	4,095
Operating profit	44,301
Add: Non-oper. rev.	548
Total profit	44,849

Note:—No allowance made in above figures for taxes, depreciation, or deferred development.

Thompson-Cadillac Recovers $12,500 of Gold

From Our Own Correspondent

MONTREAL. — Thompson-Cadillac Mining Corp. recovered 370 ounces of gold valued at $12,500 from development work in a rich section encountered in the West Section of the 150-foot level, according to a progress report to the directors from Andrew Walz, vice-president and consulting engineer.

The report, covering operations in the first half of April, reveals that changes are being made in the mill equipment and commencing of milling operations has been fixed for the first week in May. The mine has been prepared to give initial production to the mill of 60 tons daily.

Lebel Oro Mines Share Options Exercised

From Our Own Correspondent

MONTREAL.—Lebel Oro Mines have advised the Montreal Curb Market that all stock options to Ewart R. Angus and associates, 650,000 shares in all, have been taken up and paid for in full.

Of the shares optioned to Sheldrake Securities Corp., totalling 600,000, the first 200,000 shares have been taken up and paid for in full.

By supplementary letters patent, dated April 9, the company's authorized share capital was increased from 3 million to 3.5 million shares.

Quebec Asbestos

Production of asbestos in Quebec in the first two months of the year was, roughly, a third greater than that of the similar two months of last year, at 34,054 tons, compared with 22,350 tons.

MINERS SAY "THANK YOU, BUT . . . ."

(Continued from page 11)

basis would start as soon as machinery could be installed.

Stadacona Rouyn Mines — 200 ton per day mill under construction on this Rouyn property.

Ontario

Argosy Gold Mines — Owning property formerly held by Casey Summit Gold Mines, 210 miles north of Sioux Lookout. Present 50 ton amalgamation mill being changed to 75 ton cyanidation unit, which is expected to be in production in July.

Hudson Patricia Gold Mines — Mill machinery reported on the property, and production on 50 ton per day basis promised for this summer.

Red Lake Gold Shore Mines—A 125 ton mill unit being shipped into the property at Red Lake, with production promised this summer.

New Golden Rose Mines—Property under development by Consolidated Mining & Smelting Co. "If other diamond drill results in the remaining area are confirmed, the installation of heavier equipment and the construction of a mill should have consideration," states Smelters annual report.

Pamour Porcupine Mines — This Noranda operation will have its 500 ton mill in operation early in June, it is expected. The property is a consolidation of several veteran properties, which have been revived with marked success. Mill accommodation is for a 1,000 ton unit. Since grade is low, tax concession should help.

Manitoba

Laguna Gold Mines—Subsidiary of Mining Corp., with property in The Pas district of Manitoba, plans to have a 50 ton mill unit in production by August of this year.

Gunnar Gold Mines — Although production under way for some weeks, it is thought this property will be granted the exemption inasmuch as no commercial production has been obtained to date.

British Columbia

Hedley Mascot Gold Mines — A 150 ton mill is being erected on this property in the Similkameen district of B. C., production to start shortly.

Big Missouri Mines—Another development of Consolidated Mining & Smelting Co., where large tonnages of low grade ore have been indicated. It is thought tax concessions will hasten mill plans.

B. C. Nickel Mines—Which, after years of setbacks, has announced that its ore reserve objective is nearly reached and that a mill will be started within the next year.

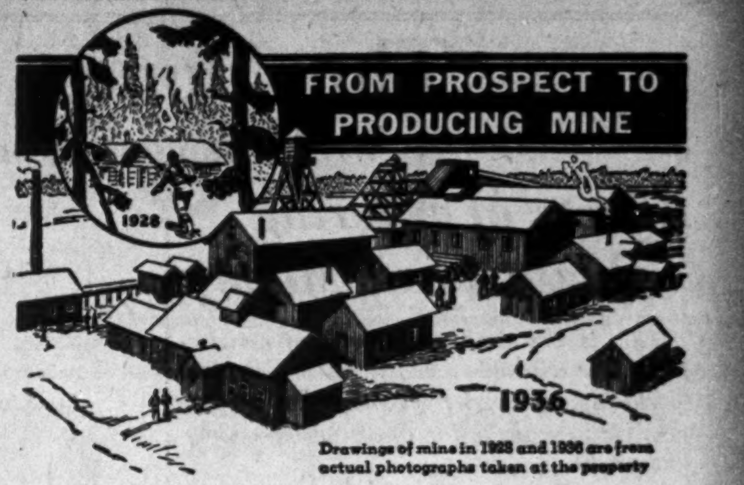
Other B. C. Properties—Where a mill is under construction or proposed, include Perrier Gold Mines, Bayonne Mining Co., Wesko Mines Ltd., and Gold Belt Mining Co.

B. C. Lumbering

The lumber industry in Vancouver Island is doing well this year, with prices about 20 per cent higher than last year and some 1,500 new men added to the payrolls.

NORTHERN CANADA MINING CORPORATION, LIMITED
New mines financed, managed and developed to production.
44 Victoria Street, Toronto, Can.

We recommend purchase at the market
BLUE STAR
Information upon request.
Lloyd Lott & Company Limited
401 Bank of Hamilton Bldg.,
67 Yonge Street, Toronto
WAverley 2989


FROM PROSPECT TO PRODUCING MINE
1928
1936

Drawings of mine in 1928 and 1936 are from actual photographs taken at the property

The Story of CENTRAL PATRICIA

1928—a prospect.
1933—In May we recommended Central Patricia, then selling at 15c.
1936—A proven mine, anticipating initial dividend disbursements within few months, with work to date indicating possibilities of larger tonnage. Increased power in Fall, which will give resumption on the Springer group of claims, wholly owned by Central Patricia Gold Mines.

We have prepared an interesting prospectus, which will be mailed free on request.

CAMERON & BUNTING
Members Toronto Stock Exchange
Canadian Commodity Exchange Inc.
A. GORDON CAMERON
ALFRED BUNTING
TORONTO
67 Yonge St.
Elgin 2494

Mining Company Reports

Matachewan Consolidated

A slight decline in estimated total profit, before taxes, depreciation or deferred development, is shown in the regular quarterly report of Matachewan Consolidated Mines for the first quarter of 1936 and the last of 1935.

The decline was due to slightly smaller income, both non-operating and from metals sold, and was offset to a limited degree by a small decline in costs.

The following is the record, in tabular form, for the two quarters under review:

Estimated Earnings

	3 mos. ended Mar. 31, 1936 $	3 mos. ended Dec. 31, 1935 $
Net metal prod.	98,261	103,243
Dev. & oper. costs	80,804	83,273
Operat. profit	17,457	19,970
Add: Non-oper. rev.	36	169
Est. total profit	17,493	20,139
Tons milled	13,380	13,417

Note:—No allowance made in above for taxes, depreciation or deferred development.

Beattie Gold Mines

Lower recovery per ton, higher development and operating costs, and lower non-operating revenue all combined to reduce estimated total profit of Beattie Gold Mines, Quebec producer, for the first quarter of 1936, as compared with the last quarter of 1935.

On the basis of net income from metal produced, recovery per ton of $3.56 in the first quarter of 1936, as against a recovery per ton of $3.90 in the last quarter of 1935, is indicated.

Following is the record of this producer for the two comparative quarters:

Estimated Earnings

	3 mos. ended Mar. 31, 1936 $	3 mos. ended Dec. 31, 1935 $
Net metal prod.*	474,991	497,611
Dev. & oper. costs	301,586	283,108
Operat. profit	173,405	214,503
Add: Non-oper. rev.	128	2,034
Est. total profit	173,533	216,537
Tons milled	133,120	127,280

*Partly estimated due to delayed smelter returns.

Note:—No allowance has been made in above figures for depreciation, deferred development, or taxes.

Falconbridge Nickel

A net profit equal to 10.4 cents per share, exclusive of non-operating revenue, is shown by Falconbridge Nickel Mines for the first three months of 1936. This figure compares with a net profit in the similar period of 1935, equivalent to 7.2 cents per share.

The company reports that development of the east ore body continues favorable and sinking the No. 5 shaft, necessarily suspended during the equipment of the 1,200-ft. level, has been resumed from the 1,400-ft. level. Stations are being opened up on the 200-, 325-, 650-, 825- and 1,000-ft. levels of this east ore body.

Operating Statement
Quarter Ended March 31

	1936 $	1935 $
Tons treated	81,193	73,238
Nickel in matte, lb.	2,876,608	2,760,457
Copper in matte, lb.	1,264,668	1,262,884
Refined nickel, lb.	2,721,544	2,548,326
Refined copper, lb.	1,215,067	1,167,435
Gross oper profit	$579,119	$427,127
Less: Prov. for taxes	53,700	51,000
Prof. after taxes but before write-offs	525,419	376,127
Less: Deprec. & def. devel.	180,074	138,206
Net profit	345,345	237,921

Note:—Above figures exclusive of non-operating revenue.

Coniaurum Mines Ltd.

Despite higher production, a sharp drop in non-operating revenue, including profit on sale of securities resulted in lower earnings for Coniaurum Mines. Porcupine producer, for the first quarter of 1936, as compared with the last quarter in 1935.

Before taxes, depreciation, and deferred development, the company estimates a total profit of $77,092 for the recent quarter as compared with $116,097 in the previous quarter. Tons milled increased slightly.

Estimated Earnings

	3 mos. ended Mar. 31, 1936 $	3 mos. ended Dec. 31, 1935 $
Net inc. from metals prod.	348,234	312,466
Less: Devel: & oper. costs	278,252	277,873
Est. oper. profit	69,982	34,593
Add: Non-oper. rev.	7,110	81,504
Est. total profit*	77,092	116,097
Tons of ore milled	41,485	41,150

*Before taxes, depreciation and deferred development.

LISTED AND UNLISTED MINING STOCKS

We offer an unexcelled service in listed and unlisted mining and industrial stocks.

Membership on leading exchanges together with our extensive private wire system reaching all principal financial markets and northern mining centres, assure rapid transmission of important news and a fast and reliable market service. Separate wires, staffed with operators and traders, are reserved for the unlisted trading department. Unlisted stocks are bought and sold on a commission basis.

F. O'HEARN & CO.
STOCKS BONDS GRAIN
11 King St. W. WA. 7881. Toronto

MEMBERS:
THE TORONTO STOCK EXCHANGE
MONTREAL CURB MARKET
WINNIPEG GRAIN EXCHANGE
CHICAGO BOARD OF TRADE
CANADIAN COMMODITY EXCHANGE INC.

OFFICES:
TORONTO
MONTREAL
SARNIA
HAMILTON
NORANDA
SUDBURY
OWEN SOUND
COBALT
TIMMINS
KIRKLAND LAKE
NORTH BAY

(Adjoining Bidgood Kirkland)
GORDON LEBEL
Drilling is now in progress on the Gordon Lebel property to intersect the extension of the spectacular Bidgood No. 20 vein. An analysis of this interesting property, adjoining that of Bidgood Kirkland on the east, will be forwarded upon request.
ADelaide 9171
DRAPER DOBIE & CO.
Members The Toronto Stock Exchange
330 BAY ST. TORONTO

"The Money Mystery"—By Sir Norman Angell

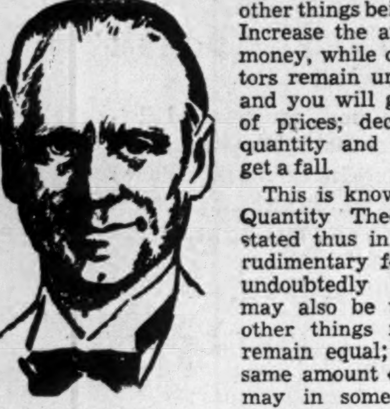
World Famous Economist Strips It of Technicalities, Confusion, Complications

Effects of Altering Quantity of Money

This is the sixth of a series of articles from Sir Norman Angell in which the world-famous writer explains in simple, everyday language the operation of money and credit.

By SIR NORMAN ANGELL

We have seen in the preceding articles that the first and main truth to get into one's head about money is that its value—that is to say the price level, the price of things in general—undoubtedly varies with its quantity, other things being equal. Increase the amount of money, while other factors remain unchanged, and you will get a rise of prices; decrease its quantity and you will get a fall.


SIR NORMAN ANGELL

This is known as the Quantity Theory, and stated thus in its most rudimentary form it is undoubtedly true. It may also be true that other things never do remain equal; that the same amount of money may in some circumstances do as much work as half the amount in other circumstances, that numberless complicating factors enter into the equation, but we cannot think clearly about monetary problems at all unless we keep this basic truth in mind.

And furthermore, not only can its truth be demonstrated mathematically, but it has been demonstrated in experience over and over again. It is perhaps the commonest of all experiences in the use of money. We recently had it demonstrated to the point of absurdity in the case of Germany and Russia, where the attempt to keep pace with the rise in prices by putting "purchasing power" in the shape of paper money into the hands of the public, produced finally a condition in which goods cost twice as much in the evening as they did in the morning, and a workman with weekly wages measured in uncountable billions of marks could not afford to eat butter with his bread. Every country in the world at some time or other has gone through the same experience, differing only in degree.

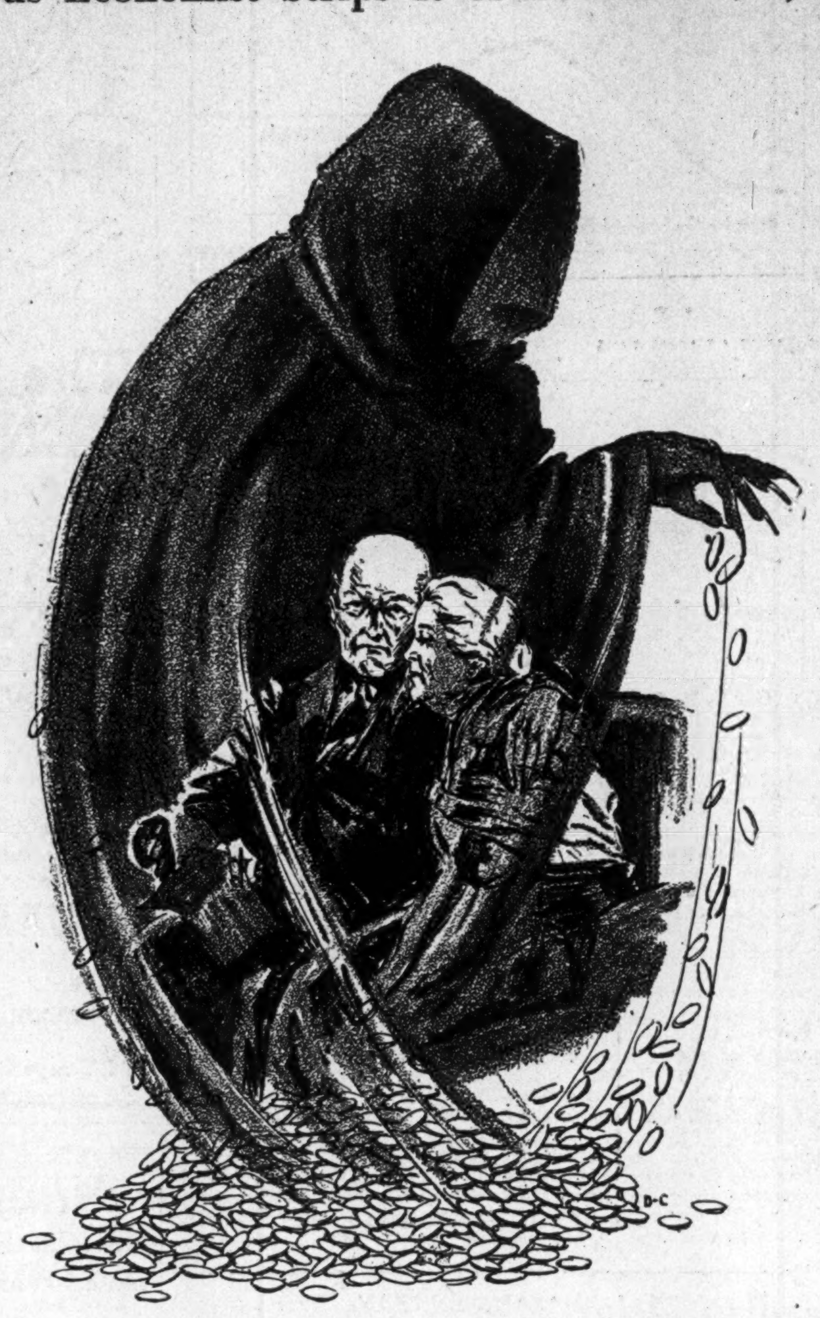
Must Keep Basic Truth to Fore

Now, acceptance of the Quantity Theory does not involve any conclusion to the effect that it is never advisable to increase the quantity of money; or that increase in the quantity of money must always involve a rise in the price level (for other factors may counterbalance the monetary increase); or that a rise in price is undesirable. None of these conclusions is in the least involved in acceptance of the basic truth about money. That truth is indeed a particularly important one to keep in mind when considering proposals for the control of the price level by monetary means, for if it is ignored it is certain that plans for price control will go grievously astray.

Before we can enter upon plans of price control by monetary means we should be clear of just what happens when the value of money, the price level, does change.

If changes in the value of money are sudden and violent, as they were during the inflation in Germany, it is easy to see what happens. A professional man, doctor, or dentist, or architect, in order to make provision for his old age, saves carefully every year a given sum—say the equivalent of fifty pounds—and places it with an insurance company, who agree to give him and his wife a certain yearly income for life after a given date, a certain number of marks, francs, or pounds, that is. When, however, the time comes for him to enjoy his life's savings, to live upon his income of, say, two hundred pounds a year, he finds that two hundred pounds will just purchase one egg. (There was a stage in the German inflation when eggs cost a billion marks each.) He has, by the increase in the quantity of money, been robbed of the savings of a lifetime—robbed of them just as cruelly as though some heartless burglar had taken them from a safe.

In France, one of the richest countries in the world, in which more than in any other country ordinary people save carefully for the future, things not quite so drastic, but often causing very much the same kind of suffering, occurred.



This elderly couple, like hundreds of others, faced starvation and misery; for, while they still received the same nominal pension, the State, by increasing the quantity of money, confiscated four-fifths of their real income.

Practical Results of Inflation

Take the case so common in France, of the retired official or salaried man living on a pension of, say, five hundred dollars a year. He and his wife could just manage in the pre-war period, when the franc was worth twenty cents, and when you could buy sufficient simple food to make a meal for a franc, or less. But by 1924 the value of the franc had fallen to less than four cents. Food which, in 1914, could be purchased for a franc, now cost five or six. The five hundred dollars a year had, in fact, become a hundred dollars a year—a two dollar a week income—and this particular elderly couple, like hundreds of others, faced starvation and misery. They still receive the same nominal income, the same number of legal francs; but the state, by increasing the quantity of money, had confiscated four-fifths of their real income.

Take another case.

An engineering firm undertake to build a bridge or a ship for a given sum of money, to be paid, it may be, several years hence. If, during those years required to build the ship or bridge, inflation on the French or German scale has taken place, the money paid the engineers on the completion of the ship or bridge may hardly suffice to pay for the paint used thereon; be hardly enough to pay one week out of the hundred or two hundred weeks' wages that may have been necessary to complete the work.

It is true, of course, that where the probability of inflation is foreseen, long-term contracts will be avoided and the parties will wish to reserve the right of revising nominal figures of prices. But the characteristic of monetary instability is often its unpredictability. No one could have foreseen, for instance, the legal cancellation of the "gold clause" in American contracts. Again and again, the most astute of businessmen have found themselves caught by changes in the value of a nation's money taking place sometimes overnight to the extent of twenty or thirty per cent. Did such contingencies become common it would render all but impossible the kind of contract which is indispensable to our civilization—arrangements extending over many years having to do with the construction of railways, underground systems, great buildings, bridges, ships.

Make Rye, Coal Standards

In the twenties of the present century in Germany, owing to the confusion to which paper money had been reduced, contracts were actually made for payment according to the prices of rye and coal, thus making of these commodities a standard of value.

In this quick rise of price it is not merely the **rentier,** the bondholder, or pensioner living on a fixed money income, who gets left. Always in periods of gross or runaway inflation, the cost of living tends to rise much more quickly than wages and salaries. There is a time lag which operates to the disadvantage of the wage earner.

So much for what happens to business when prices rise. But what happens when prices fall?

What happens when prices fall may be less sudden, less visible, less dramatic, but in the long run just as disastrous.

Take the case where a farmer signs a twenty-year lease to pay a certain rent. When he signs the lease prices of agricultural produce are, let us assume, such that he can pay the rent with, say, a hundred sacks of grain—wheat, barley, oats, rye, what not. With falling prices, however, he may come to a time when it takes twice the quantity of grain to pay the rent. He pays, that is, the same money-rent, but to get the money he has to find twice the quantity of goods.

Now his land has not miraculously doubled in fertility (We shall deal presently with the case where a fall of price has been offset by a fall of costs.) A money obligation, which was quite bearable when prices were fairly high, has become ruinous with falling prices. The falling prices may be good for the landlord, whose money-income remains the same, but will now purchase twice what it used to purchase originally. But it is plainly bad for the farmer, who must grow twice as much as originally, in order to discharge nominally the same debt.

Evidently things have been badly upset, and the relationship of debtor and creditor disorganized; the real income of the creditor may have doubled, the real income of the debtor halved.

What Causes Depressions

Furthermore, it is easy to see how the general expectation of falling prices produces depression.

The manufacturer, considering proposals to put up a new factory, argues that while present prices show a profit on his product, if prices continue to fall much more, his goods will be manufactured at a loss, and the new enterprise will be quite unprofitable. He does not, therefore, invest therein. Money remains idle. The builders and their workpeople, who would have been engaged for the new factory if prices showed a tendency to rise, are not now engaged. Trade and industry slacken off. Money which might be going out for wages remains unemployed, and because wages, which, had they been earned would have been spent on goods, are not being earned, there is a further restriction in output; workers are laid off. Their expenditure declines, and declining expenditure causes a further decline in production. Fewer workers are in employment, and a vicious circle ensues.

We have arrived, therefore, at certain clear conclusions. While it is true within limits to say, as Professor Lehfeldt does, that when gold is our standard money, ten tons will not do the work of effecting exchanges any better or worse than one, it is certain that a money system based on one ton would be hopelessly upset if the quantity available were suddenly increased to ten, or a system based on ten were suddenly changed to a system based on one. It is the changes which matter.

"Quite as good business can be done on one price-level as on a level twice the height," says the chairman of the Midland Bank, "provided it is a stable level, and all the factors have been adjusted to that level. It is a transition from one to the other without an even or proportionate change in all the factors that work the mischief."

As E. F. M. Durbin says: "Although money can neither create nor destroy real productive resources, wrong monetary policies and severe changes in the general level of prices can and do very greatly destroy the power to employ such real resources as actually exist."

Upsetting Economic Order

D. H. Robertson, of Cambridge, writes:

". . . Any violent or prolonged exhibition of instability in the value of money affects not only the distribution but also the creation of real wealth for it threatens to undermine the basis of contract and business expectation on which our economic order is built up. That order is largely based on the institution of contract—on the fact, that is, that people enter into voluntary, but binding, agreements with one another to perform certain actions at a future date, for a remuneration which is fixed here and now in terms of money. And a violent or prolonged change in the value of money saps the confidence with which people make or accept undertakings of this nature . . . But so long as reliance on the method of contract as we know it persists, so long are the vagaries of the value of money a potential cause of disaster. . . . We live by calculation, expectation, faith. And these, too, are threatened, both by the instability of the value of money and by the attempts, necessarily impromptu and incomplete, which are made by society to minimize its evil results.

". . . Thus money, which is a source of so many blessings to mankind, becomes also, unless we can control it, a source of peril and confusion . . ."

That it may become a source of peril and confusion has not until recently been realized even —or particularly perhaps—by businessmen who sometimes pride themselves upon their "practicality."

But now the very practical question arises: What ought we to do about it? If, as Mr. Robertson says, money may become a source of evil and confusion unless we can control it, we next want to know whether we can control it, and if so, how, and to what end. For there are certain qualifications to be introduced about the desirability of stable price-level.

What emerges from the facts already briefly recounted is clear enough.

Instability of price-levels like that which occurred in Central Europe during the worst periods of inflation, of money manufacture, would ultimately, indeed, make all commerce and all civilization impossible. The whole money system simply went to pieces, as we saw, and had to be re-established afresh.

Should we at all costs have stuck to gold? Is return of gold the best solvent of our troubles? What are the pros and cons of the gold standard?

These are the next questions we shall attempt to answer.

$1 in Scrip, $1 in Cash May Bring $1 in Alberta

From Our Own Correspondent

EDMONTON.—Pupils in high schools are accustomed to problems of interest, discount, and "present worth."

A bright boy is expected to be able to tell his examiner the present worth of a piece of paper for which a year from now one dollar may be collected.

"Something less than a dollar," he will tell you. But he will be puzzled by a new type of problem if plans announced as in formation in Alberta are carried through.

He will be asked to determine the value of a piece of paper for which a year from now he will get one dollar, provided he has put one dollar with it.

Paying in Scrip

Although one of the Alberta ministers declares that the announcement is "premature" the government of the province is said to be contemplating putting the unemployed to work on public projects and paying them in scrip. The scrip will be redeemable by the government a year later, dollar for dollar, provided that during the interval a special two cent stamp has been affixed, once a week, for every dollar of face value, until there is a dollar's worth of stamps for every dollar of scrip value. The government, having collected a dollar for the stamps, will have money in hand for redemption.

Part of the theory is easy enough to understand. If the government sells the stamps, and keeps the money intact, it will undoubtedly be able to redeem its scrip.

Assuming that condition, the scrip should circulate once it has a certain number of stamps attached to it.

A piece of scrip for a dollar, with 98 cents worth of stamps attached to it, should buy almost 98 cents' worth of goods, since the recipient has only to spend two cents, and to wait a week, in order to get a dollar for it.

But when there are 12 cents' worth of stamps attached, the recipient might be unwilling to allow more than ten cents in trade for it, because of the investment of 88 cents more in stamps required, and the necessity of waiting nearly a year for a return.

In Edmonton such a plan as this appears to be considered a mere trifle, a slight achievement to be accomplished by the government on its way to social credit and hardly important enough to boast about.

A. J. PATTISON Jr. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

Legal and Professional Directory

PEARSON, RUTLEDGE & DONALD
BARRISTERS, SOLICITORS, &c.
G. FRED PEARSON, K.C.
J. E. RUTLEDGE, K.C.
ROBERT T. DONALD, LL.B.
CABLE ADDRESS: "PEARSON." HALIFAX
Chronicle Building
Halifax, Nova Scotia

Pitblado, Hoskin, Grundy, Bennest and Drummond-Hay
Pitblado, Hoskin, Turner, McEwen and Alsaker
Barristers, Solicitors, Etc.
Hamilton Building
WINNIPEG, CANADA

Victor A. Sinclair, K.C.
Formerly Chairman, Workmen's Compensation Board, Ontario.
Special attention Workmen's Compensation, Social Insurance, Life Insurance, Corporation and Commercial Law.
1503 Canada Permanent Bldg.,
TORONTO, CANADA

For a perfect
spring holiday,
let yourself go
TO
CHALFONTE HADDON HALL
HERE a central beachfront location places you near to the resort's many attractions, while our tempting food, cheerful rooms, Ocean Decks and varied amusements keep you constantly in the midst of fine living. Come down soon. You'll be surprised at how little it costs.
Leeds and Lippincott Company
ATLANTIC CITY

CHARTERED ACCOUNTANTS

RUTHERFORD WILLIAMSON & CO.
CHARTERED ACCOUNTANTS
RUTHERFORD WILLIAMSON, F.C.A., HAROLD A. SHIACH, F.C.A.,
TORONTO, MONTREAL
Licensed Trustees and Receivers
Rutherford Williamson, F.C.A. F. R. McCutcheon, C.A.

E. R. C. CLARKSON & SONS
Authorized Trustees and Receivers
CLARKSON, GORDON, DILWORTH & NASH
15 Wellington Street West, Toronto
Toronto — Montreal — Ottawa

Robertson, Robinson, McCannell & Dick
CHARTERED ACCOUNTANTS
D. H. McCANNELL—Licensed Trustee in Bankruptcy
Sterling Tower, Toronto

RONALD, GRIGGS & CO. Winnipeg
Chartered Accountants Saskatoon

MILLAR, MACDONALD & CO.
CHARTERED ACCOUNTANTS
WINNIPEG MANITOBA

WILTON C. EDDIS & SONS
Established 1895
CHARTERED ACCOUNTANTS
Federal Building, Toronto

McDONALD CURRIE & CO.
CHARTERED ACCOUNTANTS
Montreal Toronto Quebec Ottawa

The BACHELOR'S COLUMN

Lake Ontario Tips!

I see where Lake Ontario is tipping to the South . . . And some of our American neighbours are enjoying a quiet chuckle . . . on us . . . It's increasing the depths of their harbours at the expense of ours . . . If she happens to tip a little too much, though, a lot of people are going to get very wet . . . And they won't be Canadians . . . Speaking of tipping, here's one . . . I've been smoking cigars for quite a few years now and it's my honest opinion that, for plain, downright goodness, you can't beat a Bachelor.

"IT'S GOOD TO GET BACK TO A 10c CIGAR"

WILSON'S **BACHELOR** Cigar
10¢
100% Havana Filler
BACHELOR

QUEBEC
ONTARIO
IMPERIAL BANK OF CANADA
BRANCHES
NORTHERN ONTARIO-QUEBEC
DIVISION
SUDBURY
SAULT STE. MARIE
THESSALON
NORTH BAY
Imperial Bank of Canada offers a complete, coordinated banking service in the Northern Ontario and Quebec mining districts.

IMPERIAL BANK OF CANADA
Head Office: Toronto
BRANCHES THROUGHOUT CANADA

DOMINION BATTLESHIP LINOLEUM

A CUSTOM-BUILT FLOOR THAT SAYS POWER

Give your offices distinction. Install smart, custom-built floors reflecting the character of your business. Your crest or trademark — any design you desire can be reproduced accurately with Dominion Battleship Linoleum. This durable, noise-reducing floor covering comes in 19 different colours and effects. Laid according to our specifications, it is guaranteed for 5 years — yet it is

SURPRISINGLY INEXPENSIVE

Consult a specialist; your house furnishing store or a floor covering contractor will gladly submit designs and prices for a new, custom-built Dominion Battleship Linoleum floor.

DOMINION OILCLOTH & LINOLEUM CO. LIMITED MONTREAL